Harold S. Gorman: Recollections of a Nevada Banker and Civic Leader

Interviewee: Harold S. Gorman
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Description

Harold S. Gorman was born in Carlin, Nevada, in 1903. He moved with his family to Reno as a child. There, he attended local schools and trained for a profession in banking. His parents were prominent members of the community, his father being comptroller and briefly acting president of the University of Nevada.

After attending the university, Harold Gorman began a career in banking in Reno, becoming successively a bank messenger boy, a teller, a cashier and worker for the receiver of the bankrupt Wingfield bank chain. Mr. Gorman then moved to the First National Bank of Nevada, where he advanced in his career to the highest office the bank affords—president, and then chairman of the board of directors. He retired from active banking, but not from other work, in 1968.

The oral history contains Harold Gorman's recounting and analysis of his banking career from the point of view of a financial expert devoted to the idea of orderly expansion of both his community and the institution. Under Gorman's direction, First National Bank developed numerous new branch banks and installed innovative new programs. Because he knew intimately both the state and the important members of the banking profession, Mr. Gorman's oral history contains some vital insights into the manner in which banking has historically been conducted here.

In addition to the banking career which spanned some of the most important years in Nevada's economic history, Mr. Gorman acquired other interests which had an impact on the area. His awards and civic offices reflect that of trustee of Washoe Medical Center, president of the Reno Chamber of Commerce, president of the Reno Rotary Club, a recipient of the Silver Beaver award of the Boy Scouts of America, member of vital committees of the Masonic lodge including the Knights Templar Eye Foundation, and many others. Mr. Gorman's energy for community work has resulted in many positive achievements for these organizations.

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An Oral History Conducted by Mary Ellen Glass

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Contents

Preface to the Digital Edition

Established in 1964, the University of Nevada Oral History Program (UNOHP) explores the remembered past through rigorous oral history interviewing, creating a record for present and future researchers. The program's collection of primary source oral histories is an important body of information about significant events, people, places, and activities in twentieth and twenty-first century Nevada and the West.

The UNOHP wishes to make the information in its oral histories accessible to a broad range of patrons. To achieve this goal, its transcripts must speak with an intelligible voice. However, no type font contains symbols for physical gestures and vocal modulations which are integral parts of verbal communication. When human speech is represented in print, stripped of these signals, the result can be a morass of seemingly tangled syntax and incomplete sentences—totally verbatim transcripts sometimes verge on incoherence. Therefore, this transcript has been lightly edited.

While taking great pains not to alter meaning in any way, the editor may have removed false starts, redundancies, and the "uhs," "ahs," and other noises with which speech is often liberally sprinkled; compressed some passages which, in unaltered form, misrepresent the chronicler's meaning; and relocated some material to place information in its intended context. Laughter is represented with [laughter] at the end of a sentence in which it occurs, and ellipses are used to indicate that a statement has been interrupted or is incomplete…or that there is a pause for dramatic effect.

As with all of our oral histories, while we can vouch for the authenticity of the interviews in the UNOHP collection, we advise readers to keep in mind that these are remembered pasts, and we do not claim that the recollections are entirely free of error. We can state, however, that the transcripts accurately reflect the oral history recordings on which they were based. Accordingly, each transcript should be approached with the

same prudence that the intelligent reader exercises when consulting government records, newspaper accounts, diaries, and other sources of historical information. All statements made here constitute the remembrance or opinions of the individuals who were interviewed, and not the opinions of the UNOHP.

In order to standardize the design of all UNOHP transcripts for the online database, most have been reformatted, a process that was completed in 2012. This document may therefore differ in appearance and pagination from earlier printed versions. Rather than compile entirely new indexes for each volume, the UNOHP has made each transcript fully searchable electronically. If a previous version of this volume existed, its original index has been appended to this document for reference only. A link to the entire catalog can be found online at http://oralhistory.unr.edu/.

For more information on the UNOHP or any of its publications, please contact the University of Nevada Oral History Program at Mail Stop 0324, University of Nevada, Reno, NV, 89557-0324 or by calling 775/784-6932.

Alicia Barber
Director, UNOHP
July 2012

Introduction

Harold S. Gorman is a native of Nevada, born in Carlin in 1903. He moved with his family to Reno as a child. There, he attended local schools, and trained for a profession in banking. His parents were prominent members of the community, his father being comptroller and briefly acting president of the University of Nevada.

After attending the University, Harold Gorman began a career in banking in Reno, becoming successively a bank messenger boy, a teller, cashier and worker for the receiver of the bankrupt Wingfield bank chain. Then he moved to the First National Bank. At First National Bank of Nevada, Mr. Gorman advanced in his career to the highest office the bank affords— president, and then chairman of the board of directors. He retired from active banking, but not from other work, in 1968. The oral history contains Harold Gorman' s recounting and analysis of his banking career from the point of view of a financial expert devoted to the idea of orderly expansion of both his community and the institution. Under Gorman's direction, First National Bank developed numerous new branch banks, as well as installing innovative new programs. Because he knew intimately both the state and the important members of the banking profession, Mr. Gorman' s oral history contains some vital insights into the manner in which banking has historically been conducted here.

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When invited to participate in the Oral History Project of the University of Nevada,

Reno, Library, Harold Gorman accepted graciously. Seven taping sessions followed all in his office at the First National Bank building in Reno, between March and October, 1973. Mr. Gorman' s review of his oral history transcript resulted in almost no change from the original version submitted for his approval, and thus the script reflects accurately both the content and the language of the taping sessions.

The Oral History Project of the University of Nevada, Reno, Library preserves the past and the present for future research by tape recording the recollections of people who have been important to the development of Nevada and the West. The resulting transcripts are deposited in the Special Collections departments of the University libraries at Reno and Las Vegas. Harold S. Gorman has generously donated the literary rights in his oral history to the University, and has designated the volume as closed to research until January 1, 1983.

Mary Ellen Glass
University of Nevada, Reno
1976

1

Introduction, Background

Well, I think that the best thing to start with is the background of the family. My grandfather, James Gorman, was born in Belfast on March 10, 1850 and came from Ireland in early 1870. [He] worked his full life in the mines of Virginia City and Gold Hill. He lived in Gold Hill. My father's mother, Carrie Eliza Martin (born September 18, 1857) died at his birth (March 10, 1880), so he never knew her. And then my grandfather remarried and had three children by this marriage, my uncle Frank J. Gorman, and my uncle Jim Gorman, and my aunt Florence Smith. And they've been, of course, born in Nevada and have resided here, outside of Jim, who lives in California and works for Pacific Portland Cement.

On my mother's side, they were of English background. My mother's father, Jonathan Rowse, was a railroad man and was killed in the old days on the railroad. His parents were William Rowse (born January 4, 1825), and Mary Ann Cuming (born March 14, 1826). And her mother, Elizabeth Ann Grose, worked as a seamstress for the railroad for a number of years, until she retired.

So then my dad and mother (Charlotte Rowse, born October 11, 1881) were married in Ogden, Utah, on July 1, 1902. And then they moved to Carlin, Nevada, where my dad was in the railroad. He was a telegraph operator for the Southern Pacific railroad for quite a few years. And I was born in Carlin, Nevada, and later the family moved to Eureka. Oh, incidentally, my sister Norma Gorman Drappo was born in Carlin, also. And then we moved to Eureka, where my dad was county clerk and worked in the bank and represented the Western Union.

My early education started in Eureka, from about 1906 til 1911. And then we came to Reno, where my youngest brother was born, Charlie. Robert Graham, my older brother, was born in Eureka and also engaged in the banking business here until he retired last year. And Norma was with A. Carlisle and Company for about forty years, and she recently retired also. My youngest brother worked for the Standard Oil Company for about forty years, and now lives in Petaluma, California.

I don't remember anything about Carlin, because I left there when I was only about three or four years old. In fact, I don't even know the house where I was born. My father followed railroading for many years and became a telegraph operator. And that's one of the things, I think, That took him to Eureka because he was running the Western Union office out there, plus county clerk, and plus the banking business. He was always a busy guy, too; always, you know, keeping a lot of things going to raise four kids, I guess. I've been back to Eureka a couple of times, but I don't recognize too many of the old marks. The house we lived in was later bought by a sheepman, Mr. [A.] Florio. They always, like every other mining town, have hopes that someday we'll discover some more ore and start it up again and so many of these old timers—they just can't get them to leave, because they always hope that someday it's going to come back, same as Virginia City, Gold Hill, all those people that lived up there for many, many years, always thought somebody would discover another mine or mining activities would boom again. So it was affected quite a bit by mining, our ups and downs in our state have very frequently been determined by the mining activity.

Well, this was a child's impression, you know. I think every child has that same feeling when they're with a teacher for two or three years at that age, and then leave them, why, it's like leaving part of your family, really, because the teacher has a lot of influence on you at that age. I hope it's still true and I think it is. I think youngsters if they like a teacher why, it's like leaving part of the family when you've been with them two or three years. And the old schools, they took care of two or three grades. This wasn't one grade, you stayed with a teacher maybe two or three years, which has changed, too [laughs], because of the bigger city. All of us, I think, had a simple life in these communities then.

But I don't know what else to say about Eureka. As I say, I left there when I was about eight years old and you don't have many impressions. The interesting thing though, that I think, that railroad was owned by George Whittell's father—you know the George Whittell at the lake—I think his father owned that railroad out there. But [when] it was washed out, that finished the town as far as transportation. I think my dad came to Reno on a motorcycle, as I remember [laughs].

My dad, of course, started out as a telegraph operator for the Southern Pacific railroad and was stationed in Halleck—the cold part of the country, you know, where it gets fifty-five below. My mother's father was also a railroader and was killed in a train accident, trying to tow one of the big engines; a chain broke and hit him in the head and killed him. So then my dad and mother were married, as I told you, in Ogden, Utah, and then came to Carlin as a telegraph operator for the Southern Pacific railroad, and that's where I was born. Then Dad went to Eureka in about 1906, I believe, where he worked in the bank in Eureka and also was a telegraph operator for the Western Union, and also a court reporter in the court house. So he had about three jobs in Eureka.

And then about 1910, he applied for a position at the University and came in the fall of 1910, as I remember; the family didn't come over until 1911. And we came over in an old Pope-Hartford automobile. That was the transportation between Eureka and Palisade, because the railroad had been washed out in Eureka, as I remember, in about 1910. And this kind of sounded the death knell for Eureka as far as expansion, because of the lack of transportation out there. So when he

cane to the University, then he installed their accounting system and received some national recognition on the type of accounting system he established at the University. In fact, some of the other colleges patterned their accounting system after the one that Dad put up here. And about 1917, he left the University, came to work in the old Reno National Bank for about six months. And then the University prevailed upon him to come back to the University. And of course, from then on, he devoted his remaining working years at the University until he retired in 1950.

Dad was very prominent in Masonic circles. He was principally interested in the York rite, although he was a thirty-third degree Scottish Rite Mason, as well. He was Past Grand Commander of the Knights Templar and he was a member of the Red Cross of Constantine, which is an honorary York Rite body. And he devoted a large amount of his time to the development of the Masonic cemetery. In fact, he devoted a tremendous amount of time to that activity, trying to get it set up properly. And as a result, the cemetery today is in excellent shape; it's got a good endowment fund and is developing very well.

I don't think I would call my father a religious person, that is, in the sense that he's a regular church attender. But he lived his Masonry very strongly and it's, as you know, a high principled organization. I think Dad didn't consider it his religion, nevertheless, he patterned his life pretty much after the teachings he had in Masonic work. Dad was a very conservative person. And as a University professor raising four children, why most of us found jobs to earn our spending money. Which was common in those days, certainly nothing wrong with it.

[Did he talk to me very much about the affairs at the University?] No, Dad never talked a great deal about his problems. He kept them to himself pretty well. I know that there were certain disputes and arguments that went on up there, but Dad never got into those things, he never talked about personalities; I mean if Dad had a problem, he worked it out himself. I knew there was a problem up there, yes, at that time, but six months later, he was back at the University, trying to unscramble the kind of mess they left the accounts in. And that's really where the system came in, that he had installed to take care of this problem in the future. Then, of course, as you know, he was acting president for several months up there. I guess he's the only president of the University that didn't attend college, cause Dad was not a college man. When Dad graduated from high school, I think four students from Gold Hill graduated that year. And he was, of course, one of them. I have the old program at home; he [was] valedictorian or something like that, with four students. No, Dad never discussed a problem that he might have with personnel or things of this kind. He had other problems later on at the University, just about the time he retired. But he never discussed them. And I think Dad would have liked to have stayed up there another year or two anyway, because he was dedicated to the University.

In the old days, when the legislature was meeting, I remember he used to ride the V and T railroad over to Carson City, regularly during the sessions. Being an old railroad man, they always left him off on Moran Street, so he could walk up the hill—it was only three blocks from the house so they let him off the train at that point.

Dad's principal hobby was photography. He started that in the old days when they used to have a lot of railroad accidents, and dedications of new engines, and wrecks on the railroad. And he'd take pictures of them. That's where he started his hobby with the photography. And then from then on, he

took quite a few moving pictures. In fact, he used to take pictures of the football games at the University and run them for the coach up there, so they could see the mistakes they made. He did that for years up there. He tells of a case when he had Marion Motley—(you remember when he was here at the University) —Dad had taken this picture of one of Motley's brilliant runs, you know. And then reversed the camera and Motley couldn't believe he was running backwards, but it was—Motley was quite a player, as you know.

I think that Dad enjoyed the state of Nevada. I know that he did quite a few trips around the state. We used to ride out to Pyramid Lake when it was common to get stuck in the sand, you know, some place along, no paved roads. Flat tires. You always changed a couple of tires, it seemed to me. You loaded the small cars in those days with four kids and we'd go out to Pyramid regularly. And Pyramid at the time was about fifty feet higher than it is today, you know. The lake has gradually gone down over these years. And of course, we'd go to Lake Tahoe, which was really an excursion in those days. Mt. Rose road, in the Ford, you had to back up that steep point because the gasoline wouldn't flow up to the engine if you didn't, went up this way when the grades were steep. So we spent a lot of time together, in that form of activity on the weekends, picnics and things like that around the hills.

Dad wasn't a strict parent and neither was my mother. We respected them and I think this is the reason we stayed out of trouble, really. We were always concerned whether we'd bring some disgrace on the family, rather than ourselves, I mean, we were raised that way in those days. But I think Dad's hobby was really his Masonic work and activities of that type. I don't know what else to add as far as that goes.

Dad was extremely ethical, high principled, and I think that's the reason he raised his family the way he did.

When I first came to Reno, the first school I went to was the old parish house on Fifth and Sierra Streets and Alwine Sielaff was my first teacher. And then I attended practically every school in town because my dad was at the University of Nevada and had moved into two or three homes until he finally bought a place on Moran Street. So I did attend practically all of the schools, for one reason or another. Some didn't have all the facilities and some were new and some were old and then—. One of the interesting things about Alwine Sielaff, when I finally reached high school she was my teacher there again, and also taught both of my sons. Another teacher that also taught both of my sons and me as well was Effie Mack. And these were the finest teachers I've ever known as far as dedication to education. I was never active in any athletics or anything of tins type in high school.

My experience with the teachers—as I say, they were in the grade schools by, I guess largely the type of teachers we had, my grades were exceptionally good in the grade schools, I think largely through the influence of Miss Sielaff and other teachers of her caliber. Frances Frey of the Southside School was also, in my opinion, a very fine teacher. Agnes Bell in the high school. The other teachers I'm not too familiar with them I never got too close to them because we were in the schools such a short time. I went to the Southside School about where the City Hall is now, and that's where Frances Frey was the principal. And then I went to Mt. Rose School to graduate in the eighth grade. A man by the name of Johnson was my teacher over there. I was only there six months and then skipped the

high eighth because of grades and went into high school, which I believe was a mistake in a way. (In those days if you showed grades that were above average, you could skip a grade. And it was full grades in those days, not half grades, full grades, until it got to I think sixth or seventh grade, and then we had half grades.) And I think it moves along too fast; I think you're a little too young in high school and you aren't able to cope with the responsibility of being on your own. And I think this is one of the weaknesses that I had, really, was in the change into the high school atmosphere. I think this applies to a lot of youngsters, you're on your own responsibility and not ready for it. My averages in high school were not so good. And then I went on to the University and I wasn't getting what I. was trying to get, I was more interested in economics and business. Incidentally, my dad thought I should be a civil engineer. And so I signed up as a civil engineer and when I got the first text books I turned them all back and exchanged them.

I think probably the part of the reason for my not doing well in high school was the fact that I was working for the Model Dairy at that time. I'd get up at four o'clock in the morning, go out and get the milk from the dairy and bring it in town and bottle it, and get it ready for the boys to deliver it. And then in the afternoon, I'd take a route myself. So I worked not only in the morning but in the afternoon as well in this dairy. I don' t think that young people should work quite that hard. And yet on the other hand, I think we make it too easy for young people and they haven't fully grasped the responsibility of growing up. I think there are two extremes and mine was one the other way, I think. I mean, Father had four children and tantamount to a University professor's salary, and there wasn't a lot of money going around. If you wanted a bicycle, wanted to go to the show, we earned it. And I don't think it did any harm, excepting probably that you don't get quite as rounded in athletics and other student activities that you would if you were not tied down with so much work. But I have no regrets on it really, because as I say, while I've missed a lot of companionship and activities with other students in school, I've always been happy in my work and enjoyed it.

At the University level, I tried to take economics and accounting and other things that would be adaptable to banking plus economics and of course, required English and languages, and so forth. But at that time, the business administration courses were quite limited and in fact, most students took them as a cinch course. So I really wasn't learning a great deal in my line, because I expected to go into some kind of business; I didn't know what it would be. So when I finally started in the banking business, then I continued my education, largely through the American Institute of Banking, and took those courses that were—commercial law, negotiable instruments, economics, accounting, and all those things that applied directly to banking. They're very fine courses, by the way, as good as you can find anyplace. They are more applicable to the direct applications to the banking business, or to business itself, rather than theory. Sometimes you get too much theory and not enough practical information from some of the courses you take.

I'm sorry in many ways that I didn't get much more enjoyment out of my associations in the school years, but as I say, I have no regrets on it.

[Did I enjoy the music?] Yes, my father was rather a good musician, learned to play the violin, he could play a clarinet, the trombone, and saxophone finally is what he took up and we had a little quintet. We used

to play for social events around the town and then it branched into my working for an orchestra. And we played in all of the little small communities around here, like well, Sierraville, Blairsden, Virginia City, Minden, Yerington, all these places that you could travel in a matter of four or five hours. And then I used to play at Floriston. I'd get on the Southern Pacific train at six o'clock in the evening and come back the next morning on the six o clock train into Reno. Long day. And then, of course, I played for a lot of local organizations. If an organization would have a dance, why, they would hire an orchestra and I was, generally among it. And I decided that after I got married I would give up the music business, because it had to be on weekends and sometimes during the week and if you' re trying to work and play at night, I didn't think it was the best thing to do. So I wanted to devote my time to banking so I gave it up in 1924. And then I've never played since.

[Who were some of the others in the orchestra?] Well, the little group we were playing for just relaxation, Dr. S. K. Morrison (in fact, he was our family doctor), he was one of the players; a fellow by the name of Brundidge, who was in the art supply business here for a long time; you remember Brundidge's probably; and Bill Leeper—Bill passed away quite a few years ago; and my father and myself. We'd play for these social functions just for the fun of it. So that's how I got started in it.

My dad wanted me to play a cornet. But I blew a tooth out the first time I—it was at that age where my teeth were coming out so I never had to play the cornet. I've always enjoyed music but as far as the playing it, I just gave it up because I—once you start playing for orchestras, you're going to have to play every time they need you, you see, otherwise you break up the group. But I had a lot of fun playing for these old country dances, you might say. The local people would have a dance, maybe once or twice a year, and they would make quite an evening out of it. In fact, I played out at Huffaker's, about six or seven miles south of Reno; the old place has burned down now. All the farmers, the Italian families, would come to these dances on a Saturday night. They probably had them once a month, bring their children, and have coffee and doughnuts. And I got to know some wonderful people out there, the old families that, well, the best, really. Sometimes they didn't like to go home we'd play until one or two o'clock in the morning, sometimes, but generally around one o clock they'd cut it off. Give em doughnuts and coffee, with the kids.

You see, since television came in and new highways and faster automobiles, people get away from home a lot more than they did in those days, because it was quite a chore to drive any place, really. And I think families enjoyed life together better than we do today. We've got too many things to distract. Too many times we get away from these social activities that I think were great. But these groups, as I say, were very fine people, well conducted, and never had any problem with drinking of any kind. But things change. In fact, you don't find a place where you can dance with groups of people like this now, that I know of. Maybe it's good or bad, I don't know, but it's sure changed.

2

From Bank Manager to Bank President

Early Career: Reno Banking, 1922 - 1934

I worked in some form of employment from the time I was about fourteen years old, either peddling papers or finally working for the Model Dairy. Then later, I worked part time as a musician, played a saxophone for several organizations, several bands in the community. And I even drove taxi for a short time, and I think this is what urged my dad to get me into something else. So he talked to Harry Kennedy, who was cashier of the Reno National Bank at that time. I interviewed with Mr. Kennedy and went to work the next day at the very lucrative salary of sixty-five dollars a month. My duties were principally errand boy and draft clerk, we called them, collecting drafts that were sent to the bank for collection. This lasted for a short time and then I went through all of the other positions in the bank, bookkeeper, teller, and so forth, and finally became auditor of the bank and served in that capacity until the closing of the bank in 1932.

Talking to Harry Kennedy in the bank. He was very fine man about six feet two tall, white hatred, and a very distinguished looking gentleman. He had been a friend of the family, and I'd known him quite a few years, too. so when I talked to him about coming to the bank, he asked me what my ideas were about coming to work, whether I wanted to work permanently or be interested in banking as a career. And I told him I thought so because I knew several of the people that were already working in the bank and known them, too, for quite a few years, including Alex McRae and Pete Nelson and Tom Willcox—these are a number of people that unfortunately have all passed away; but nevertheless, these were the people that I had known. And he was very cordial about it.

Of course, in those days, you started at the bottom of the rung and worked yourself through the banking business. Everybody had to start, really, as a teller or bookkeeper. So it was only a short time after I went to work that I was given the opportunity to be a teller. I worked as a teller for probably a

year or so, then they decided they needed somebody in the background for auditing or for background work. So I became what you might call today an operations man in the bank; hiring and taking care of the assignments and so forth in the bank, as well as later auditing the internal functions of the bank. It's somewhat different than today. In those days, of course, if you made a mistake you found it on your own time, which meant sometimes working until seven or eight or nine o'clock at night to find some stupid error you made. But there's one way to find out things; if you have to find your own mistakes you're a little more careful the next time.

In those days, you had paying tellers and receiving tellers. You made your deposits with one group of tellers and you withdrew your money from another group. And today, why, you go to one window and you get all of your services in just one place. In those days, you made your deposit at one window and your withdrawals from another window and your savings from another window and loan payments from some other window. So it was kind of specialized and of course, later on this all changed.

It was a little different in those days too, because, being a small community, smaller community, you knew most of the people that were doing business at your bank and you were able to keep in contact with them. As your community grows and as it is today, the personal touch is somewhat lost because of the changing personnel, changing people in the community, and so forth. So you have to be more cautious perhaps, and it's a little more difficult to give the people the kind of service you'd like to give them today. As I say, by being a smaller community why, you knew so many people. You could walk down the street and know seven or eight people on the block and nowadays I walk down three blocks and see one, maybe. Because we were a smaller community in those days.

I was auditor of the bank until it closed in 1932. And then I went with the receiver for two years, Mr. Tobin, who later started the Security National Bank in Reno. And then in 1934, Transamerica came into Nevada to buy the First National Bank and so in 35 I applied for a position with them. And Carl Wente was president at that time and so I came to work as an assistant cashier of the First National Bank. But in the old days, we had gold to pay out and the currency, as you remember, was the big "blanket" size bills. It's too bad we didn't all buy a little of that gold at that time.

Funny thing about gold, you know, it would be a twenty dollar gold piece, or a ten, or whatever it happened to be, and if you sent it into the Federal Reserve bank for redemption it was weighed and if the coins had been worn somewhat (and they would be somewhat after circulating quite a while), you ware paid by the weight and not by the face value. So you might send $5,000 worth of gold in and you might get $4900 or $4950 for it. Because they weighed it and not counted it, you see. Of course, Nevada then was largely in the silver dollars, as you recall. They paid out a lot of silver coins and it was quite a transition when they stopped minting dollars and went back to currency. I never learned to like the dollar bill after, you know, handling silver coins for so long. Although we do have them back now and of course, things change.

There was an independent banking system at that time. And of course, there have been so many changes in the banking business, we'll talk about later, but the rules and regulations governing banks, at that time, were substantially different than they are today.

Of course, George Wingfield, as you know, was an individual but—they threw away the mold. He was in so many different businesses

in Nevada. One thing to his credit is that he is one of the few people that made money in Nevada that kept it here. He was devoted to the development of the state. He was really a great citizen and yet he was a pretty rough individual at the same time, too. He always made a comment that if there was going to be any drinking or gambling done, he'd take care of that and the rest of us would leave it alone. And he was a good organizer and as I say, primarily his principal interest was in the development of Nevada. And in trying to do so, of course, tried to carry the whole burden of the livestock industry in the state, which was the cause of the failure of the banks.

Harry Kennedy, as I say, was a very fine man. He was the cashier of the bank, and had been a long personal friend. Pete Nelson, the assistant cashier, had worked in the bank in Tonopah at one time, and then came to Reno. Alex McRae was the assistant cashier at the time.

Then there have been a lot of young men that have worked at that bank, and have gone a long ways from what they started in the banking business. Largely the result of the closing of the bank, they got into another field. John Humphrey, for example, the Nevada Livestock Production Credit Association, and John has just retired. Clair Sutherland, who later became senior vice president of the Bank of America, was one of the employees in the bank at that time. The rest of them, of course, stayed in Reno, even after the bank closed, worked for title companies and other businesses in the community. I don't know if there is anything to elaborate on these people in the banks, excepting they did have a good reputation in the community. It was just one of those things that happened when everything goes to pot.

[What was the general financial situation as I saw it in western Nevada, at that time?] Well, in the 20s, you see, in the early 20s, there were some bad times in the livestock and wool business. And in fact, one group, you know, tried to you might say, control the wool market and it caused the firm to lose a lot of money when prices went down in the wool industry. This is one of the things that was bad about wool; it was up and down like a—I mean you couldn't depend on the stable price of wool, depend upon world markets and other things more than the cattle business did. The 20s there were rather substantial losses sustained by the banks at that time in connection with the wool and livestock industry. The fact is, some of the things that happened in the 30s, the early 30s, were a result of what happened back in the 20s, trying to bail out and work out difficult problems. So some of the losses that were sustained in '32 were really losses that occurred as a result of the bad times in the early 20s.

Of course, another thing that happened in the 20s was the speculation in the stock market, when you could borrow any amount that the bank or lending institution wanted to lend. Fortunately, our banks in Nevada weren't involved this heavy, but actually the stock market crash in 29 was largely the result of the speculative activity on the part of the people. In other words, if you. borrowed ninety percent of the value of the stock, put up ten percent and bought stock, and the market went off ten or fifteen percent—which happens frequently even today—then the banks have to sell out. And of course, the more that were sold, the lower the market became and finally it just became a panic. And stocks that were selling, well, say even fifty dollars went down to three or four dollars in a period of a year, you know. And a lot of people were trying to save themselves by selling—well, it just pyramids—and there weren't enough buyers to offset. So many stocks that were

sound became so cheap that anybody could have bought them if they had the money. But the speculative fever was on. And this is particularly true in the major city banks. And of course, it reflected back into the smaller communities too.

The banks at that time in Nevada didn't have too many stock loans. Most of the loans were to the business community and the livestock and farming industry in the state. Real estate loans were entirely different in those days. The banks, as I remember, would make a loan of fifty percent of the value of the property and make a flat loan for five years, for example. You only paid the interest and at the end of five years, you renewed or reduced and renewed. But generally, they were renewed and you just kept on paying interest, and it just went on and on and on. In today's real estate lending, loans are made on an amortized basis; even though they might run on for twenty-five years, they are amortized on a monthly basis. And this, of course, did create some of the problems back in the 30s when people who had a loan of $5,000 on their home for ten or fifteen years, the home would depreciate in value, and the value is—wasn't good enough to cover the $5,000 loan. And there was no place to refinance. The Home Owners Loan Corporation came in at that time to try and take over those loans that were salvageable.

The Regional Agricultural Credit Corporation was organized for the purpose of taking on the livestock loans that could be salvaged. Well, many of them were rather conservative and weren't able to help many of the livestock people. Because at that time—I'm talking about the 30s now—sheep could be bought for a dollar a head and some of the sheepmen had an advance of six cents a pound on wool and were billed for a differential because the buyers weren't able to get the six cents out of it. Cattle, cows at sixteen dollars a head. And unfortunately, in the year of 31, there were no buyers for lambs. Nobody wanted to buy them, so you'd feed them through the winter. And in the spring, you couldn't get enough out of them to pay for the feed that went into them. So this was the cause of the failure at that time, really; it was largely the agricultural loans in the state, although there were other factors too, of course. But I think this was the principal thing that affected the Wingfield chain, was the rather large livestock loans and cattle loans they had made to people—very substantial—and yet there was no way to repay, due to the depressed prices. The John G. Taylor spread where he could really drive his cattle from Lovelock to Elko and not get of t his own ground, really. And others were substantially as great.

Now some of them did survive. Those that were fortunate enough not to have any substantial debt made it, but those who had debts were really in bad shape in those days. Some of them were allowed to continue by their loans through the Regional Agricultural Credit Corporation, because that was the only source of funds at that time for livestock loans. So those who were able to qualify, the bank had to agree to take just the amount of the Regional Agricultural Credit Corporation would loan. So if you had a hundred thousand dollar loan, and the Regional Agricultural Credit Corporation would loan eighty, you'd just have to write off the twenty. But it still kept the livestockman in business, gave him a chance to work it out. Those were rough days, as far as the cattle and livestock business. And of course, then it affected real estate values and everything else because there was no place to go at that particular time to, get loans for

really any purpose, outside of small amounts for businessmen and individuals. You could borrow a small amount, but there was no way to get large amounts for cattle.

I don't think I should quote names. That's kind of a patient-doctor relationship, if you want to put it that way. I mentioned John G. Taylor because it was a matter of public record and of course, he was probably the largest livestockman in the state. But there were others that were right along with him, not as large. And some of them are still in business today. These were outfits that ran, oh, gosh, ten, fifteen, twenty thousand sheep.

A lot of the sheepmen were unable to continue business because the Bureau of Land Management [Grazing Service] decided that anyone who was running sheep would have to have some commensurability in the form of a base, at least, and hay production and other things that were needed to operate a sheep outfit properly. Some of these sheepmen didn't own an acre of ground and drifted from the desert to the mountains and back to the desert every year, some going as long as, oh, as far as 200 miles between the summer and winter feed. And some of them were very substantial, some had as high, as I say, 20,000 sheep and others had all the way down, four or five thousand. In those days, of course, labor costs were quite low compared with what they are today, of course. And prices were low, too.

But most of the sheepmen were Basque. I suppose the biggest percentage of them figured they'd make enough money in Nevada to go back home some day. There was one or two or three people in Reno who were really the guiding light for these Basques that come into the country. Joe Elcano was one, ran the hotel over on Lake Street, kind of the headquarters for these Basque people. They needed help from somebody to, you know, transact their banking business. And of course, many of them didn't draw any money from their employer; he would get some tobacco or some jeans or something like that, let the boss hold the money until they're ready to go back home. And of course, when some of these outfits failed, the Basque worker lost a tremendous amount of money—several thousand dollars in many cases, which was a tremendous amount of money to them—because the boss went broke. But he was the one who held their money and when they wanted to go home, why he'd give them their pay that he'd accumulated, maybe for seven or eight years. Because they didn't want anything more than just their normal living. Their requirements were nominal. They lived with the sheep all year round; maybe they'd come in once a year for a couple of weeks to unload, but that's about all. And then later, of course, in Oregon, you remember, they brought in all the Irishmen for sheepherders up there. They couldn't get enough Basque help. But these Basque sheepherders were certainly a different breed than you have today. They were very conscientious, they lived with the sheep and it was part of their life, really. And many of them, as you know, Governor Laxalt and others are of the Basque background; their fathers, their mothers, their families ran the sheep for many years, many of them. And some of them eventually were able to accumulate enough money to buy a small spread and then grow from there. And many of them did. A lot of families that with Basque backgrounds that finally acquired their own outfits, and did very well with them.

Well, some of the changes occurred—. Of course, a panic, something of this kind develops when people lose confidence in what's occurring. And of course, if there's rumors, they're really one of the main factors,

too, in this kind of a situation. Since the Federal Deposit Insurance Corporation was organized, the public is protected up to some $20,000—now $40,000—(I'm not up to date on some of these figures), but actually they can insure their deposits up to any amount almost that they wish, by having several different kinds of accounts. But this has alleviated somewhat the concern about panics, people being nervous about their money and whether they can get it or not. When something like this does happen, as it did in the 30s, the bank has so many deposits and deposits are what make loans. In other words, if you don't have deposits, you don't make loans. But if you get a nervous situation, then people want their money, this means you have to call loans in order to pay the depositors their money. And if enough of them come, why, it means suing and collecting loans from people who may not be able to pay. And this kind of pyramids, and eventually, the bank may have to close (as they did in the 30s) and then try to collect the money from the borrowers to pay off the depositors, before too many of the depositors withdraw their money. The thing that's bad about it, those that draw their money get it, of course, but they leave the others holding the bag, you might say, and they get maybe eighty percent, sixty percent, fifty percent of their money back. But I think the Federal Deposit Insurance Corporation has largely alleviated the concern about bank deposits.

You see, the larger accounts generally stay with the bank, because they've been helped over the years and they're loyal and they understand a little better about it than the individual. In fact, during the period of the attempt to reorganize the Wingfield banks, there was no problem with the corporate or the business firm freezing their deposits for a period of two, three, four, five years; it was the small individuals in many cases that only had a very nominal amount that objected very strenuously.

It was impossible to get enough percentage-wise of depositors to approve a reorganization. It was my belief that if there had been a reorganization, that the banks could very well have worked out in a period of four or five years, because this all happened at the bottom of everything. If you can't sell cattle or sheep for any greater amount than I said, why, there's no way for anyone to make a living. But within a year or two why, of course, these things started to improve. And I'm satisfied that it would have paid off with a reasonable chance. But it became somewhat of a political situation. Wingfield was the major political influence in the state, through his investments, I guess, and through his contacts with people, and his desire to make the state grow, all these things. But there was substantial opposition to him and of course, this became somewhat political rather than factual. I think we'd have been better off if we'd reorganized, really. George Thatcher was one of the attorneys that worked on the reorganization plan. And he was a most brilliant attorney, did a great job in working up a plan that was workable, really, if the depositors had approved. But there was a small, small minority that made a lot of noise. This is happening today. The small minority that makes the big noise [laughing].

[One of the political-financial banking situations of the 1920s was the Cole-Malley-Clapp affair.] Well, I wasn't involved directly, but, of course, I knew the three of them. It was one of those things that can happen anytime. We read about it in the paper every day, where some political group get away with- some money. This happened in Carson City in the Carson Valley Bank and it represented

about, as I recall, around $500,000 that they had absconded with or defaulted. It took the combination of the three, the cashier of the. bank, the state controller, the state treasurer to manipulate this thing. What they did, really, was to buy cashier's checks; rather than have money in the vault, they'd have a cashier's check, for say, $100,000. And on the bank's records it was only shown as a dollar and the difference, of course, was taken by them. What they ever did with it, I don't know. I guess it was largely speculation. I knew Mr. Malley quite well, I didn't know Mr. Cole so well, and I didn't know Mr. Clapp very well, but Malley I'd known for many, many years. It was hard to believe that this type of person, or these individuals would ever try this thing, but you never know. It was finally, as I remember, the state by reason their employees being involved, agreed to pay half of the loss and Wingfield paid half himself. So it was about a $500,000 deal. And of course, they all served their times and all are gone.

[It must have been a shock to the people who were working in a Wingfield bank.] Well, it was a laxity probably, but on the other hand, I don't think there was any way that you can fully cover every' possible situation if somebody wants to default. Nowadays, of course, you have a better insurance coverage probably—I hope we do; I know we do—for defalcations of this kind, rather substantial amounts. In those days, it was kind of a haphazard deal on the insurance of defaulting people. The fact is, we had one girl in the old Reno National Bank that started taking money six weeks after she was employed, and built it up to a thirty-five- or forty thousand-dollar amount before it was discovered. She knew how to manipulate the books and she had a fellow helping her who wasn't quite doing his job and got by him, and so it can be done. Even today it can be done. But it is a shock when you have prominent citizens in a small state such as ours was, and have this thing happen. It bothered everybody. And it does affect the public confidence to think that something like this can happen. But it happened.

We've had a lot of them over the years. You don't know why they take money. I guess it's the opportunity. And it isn't always needed, but the opportunity's there and they do it. We had one boy that took $300, had $3,000 in his savings account. Why, we never know; he was a good boy.

Of course, one of the funniest ones is where the teller cut some blocks of wood the same size as twenty silver dollars, and then put them in the wrappers instead of the dollars, you know, $200 worth. So ridiculous, so small. The only reason they found them, the examiner went to pick up the container that he had his dollars in and the thing was so light, you know, immediately he discovered there couldn't be coins in there, it was too light. Anyway, there was just little blocks of wood that were the same size as twenty silver dollars. Well, they have all angles. But this is one of the reasons you have auditors and have an auditing system in banks today. I think most people are honest; maybe some are kept honest by the precautionary measures you take.

Well, that was the main one [at the Reno National]. There were other small—well, I wouldn't call the rest of them defalcations. As far as I was concerned, in those days the only one was this one. Now, of course, over the years in banking business why, of course, I've run into a dozen of them that have taken money in various means, holding out deposits, for a few thousand dollars, to putting phony notes in a portfolio that ran to $20,000. And you just can't understand it.

One of my boys that was almost like my son—I mean, was that close, high regard for him—got away with $20,000. Why, I don't

know. Well, I do know why, because he was trying to live up to the Joneses, and expensive houses, expensive cars, and everything else that went along with it. So he just finally wound up with about $20,000.

I had another man in one of the isolated branches that did pretty good with phony notes in his portfolio for 20- 25,000 dollars. Well, this goes on and on. You get a little girl that weighs about a 100 pounds, puts a thousand-dollar sack of silver dollars under her coat and walks out, you wonder how she can do it, fifty pounds, but they'll do it [laughs]. Thank God, most people are honest!

This I'm talking about all happened later [than the 1920s]. Oh, we have shortages, yes, a hundred dollars from time to time that maybe you have suspicious circumstances surrounding it, but actually this one instance I gave you is the only one that was any consequence in the 20s. That is, during that period I was involved. And of course, let's face it, I'm talking about a period of some forty years after that, and I'm talking about these instances that happened in a period of forty years. Maybe one every four or five years will happen. It doesn't happen in rashes. Oh, we're satisfied in our own minds perhaps that some of these things are thievery, I mean by being short. If they're short consistently why, then it comes that they can't work any more. But occasionally, there will be a shortage that you may have a feeling that perhaps the employee was lifting the money. But it's not a rash of it, that is of any substantial consequence. Oh, you get people who do stupid things, like always. I wouldn't say that there was a rash of them. We have more problems with indifference, really, than you do with actually defalcations. I don't think the banks generally now—you read about it in the paper though, the girl will take the cash. box home with $12,000. Can't rationalize it. She knew she would be caught the next morning. I mean, there's no way because that cash box has got to be in there. Oh, she had put the cash box in, but took the contents out. This is again a fall-down on somebody's part that's supposed to look at the cash box. Well, you relax on your controls, and something will happen. I think that most of these young people today are just as honest as the ones we had in those days. And as I say, during this forty-year period I'm talking about, I saw maybe seven or eight of these cases.

I've covered somewhat the 32 period, when the banks closed, and many of them closed throughout the state. And of course, not only through our state but adjoining states and nationwide. And of course, the bank holiday was declared to try and get things together and find out what could be done to salvage and hang onto the banks that had possibilities of reopening under certain restrictions. Of course, the First National Bank here observed the holiday in a sort of a way. But the other banks were already closed at that point, you see.

It was a period between October 29 and December 12, as I remember, in 1932, when this reorganization plan was being worked on, which was a very short period of some thirty-five or forty days. And it was a tremendous amount of work and if it had been a longer time, we probably could have done a better job about it.

But, anyway, the First National Bank was a very conservative bank at that time and smartly, rightfully so, probably. And the loans were nominal and they were largely invested in bonds and so there was no pain, really. There were a lot of people in here who would like to have drawn their money, I suppose, and yet when the bank showed the amount of money they had on the counters, that they could afford to meet it, and would be able to

meet all the demands then it cooled off and then the bank deposits came right back up. And it was only, actually, I don't know—sure, some people who lost their savings were hurt very badly. I'd say as a general rule however in a period of three or four years why, we wouldn't know that it had happened. I mean, it just recovered that quickly in Nevada. Now, that doesn't apply to everybody. As I say, when people lose all their savings why it's not going to be recovered in a matter of three or four years. I'm talking about the general economy, about the recovery of the state as a whole, in going forward. And this did happen very rapidly. And generally speaking, we came out much better than many other places. [As an employee of one of the Wingfield banks was I surprised when the governor made the proclamation of the bank holiday?] Yes, I was surprised, I was surprised about the closing. I was surprised in this sense: I had always hoped that the Reconstruction Finance Corporation would do a better job in loaning against some of the slower paper that the banks had, to give the borrowers a chance to work out. And I always felt that they could have done a better job in restoring confidence in the community by having the bank have sufficient funds to take care of these depositors. They didn't do this, they took the best paper that the bank had and then, of course, any payments on that had to go to them instead of keeping the bank running. And I believe that the Reconstruction Finance Corporation was organized for a different purpose. In other words, I think they should have bought the loans of the bank and given them money to—not all the loans, I don't mean buy them all, but, be more generous or more realistic in the amounts of money advanced to the banks, I think they could have saved many of them. I don't think they accomplished their purpose. They helped in some cases, I'm sure. But many, many banks had to go to the Reconstruction Finance Corporation to get money to keep their banks open. And those that weren't in quite as difficult situation as we were, by reason of the collapse of the livestock market, survived. But there were many, many fine banks that couldn't. And they could have very well, in my opinion, if the Reconstruction Finance Corporation had done the job for which they were organized.

[Were other people in the other Wingfield chain banks surprised at this closing?] Well, they were all surprised, I'm sure, at that point. Because there was always hope that the Reconstruction Finance Corporation would be a little more liberal and make advances that would carry these banks through. See, the Reno National Bank was really the largest bank and it was the one that, well, you might say carried the other banks, or helped the other banks or in another way, hurt the other banks. By having the lead why, of course, they gave some loans to the other banks that perhaps shouldn't have been in there.

But you see in those days, by the difference between your chain banking (which means a group of banks owned by an individual) and your branch banking system; with your branch banking system you've got one large corporation, large with a lot of branches around, so if you make a loan, it's there. It's supported by the capital of the main bank. In the case of chain banking, if you participate in loans, then each little bank has a piece of the large loan and many of them couldn't afford to take a loss on one of those types of loans. In other words, a small bank losing $10,000 hurts much worse than a big bank losing a million. And so this is the bad thing about chain banking, it would affect the little bank as well as the big one. Whereas if you have one unit it's much more easily controlled and better balanced. So we, at least I feel personally, that

branch banking is much better arrangement than having chain banking. And of course, many states that don't allow branch banking still have chain bank organizations. Now, with the antitrust laws and other things involved, this is being changed somewhat. Some state have county-wide banking, some have just, you might say, city wide branching; they use service centers, they don't call it branching. But most of your states have branching now, particularly in the West. In fact, I guess, the Bank of America was the pioneer branch banking system really. And that came in to our system in Nevada when Transamerica bought the First National Bank. The philosophy immediately came into the branch banking picture. Of course, our state passed legislation providing for branch banking. And I think it's the best way really to serve its people. You can run a branch out here in the boondocks for two or three years at a loss, where the small independent would never be able to get there. It would cost them too much and it would be too expensive for them to do it. So branching does provide banking facilities in many smaller communities that wouldn't be able to support an independent bank—like Eureka; an independent bank couldn't survive in Eureka, I don't believe.

The others [than FNB] weren't able to [restore confidence] of course, by reason of the fact that they were borrowing everything that they could get to pay off depositors who wanted their money. I don't think there was, up until the time the bank closed on that bank holiday, that there was any, what you might call a "panic" situation. I don't think that ever developed because the banks just didn't open on Monday morning. And of course, some people felt that the banks were going to not be able to make it and of course, rumors start and this just makes it worse, really. The minute you have enough rumors and enough conversation going and you get enough people disturbed who want their money and draw it out from time to time—not in a panic situation, but gradually withdraw money,—naturally, it's going to sooner or later affect everybody. Now, to build up that confidence again, the people had to have the confidence in the bank management and this would be principally in Mr. Wingfield. When you have a situation where there are those that oppose very strongly, and being listened to probably more than they should, this did affect the whole situation. But there wasn't—I wouldn't say there was a panic, as such.

Of course, when you're in a bank, you know that you're in a perilous situation, unless you do get the support. And this was a hope all the time, that the government agency, the Reconstruction Finance Corporation, would release more funds, release maybe a little more liberally against the collateral they had and if so, why then, of course, you would be able to bail this thing out. So when the RFC declined to make any further advance, then there was only one thing to do and that was not to open again. And so that was the decision made, that there was no way to open after this holiday of October 29—I forget what day it was—Friday, and on Monday the banks just didn't open. The decision was made that there was no way to continue to pay out deposits for those who wanted to draw their money and let the ones who were loyal and stayed take all the loss. And so that was actually what happened.

Then at that point, it was the hope that they could reorganize the banks on the basis where all the corporate accounts would be frozen for a period of three or four years, or whatever period was necessary to work it out, and most of the substantial depositors had already agreed to tins, you see. They would freeze their deposits, not draw any part of them for some period. And this was the hope

that everybody had at that point. But when the reorganization failed, then there was only one thing and that was to call the receivers in and turn the business over to them to liquidate.

And of course, this is a bad thing anytime, because values then are really depressed and properties that were worth, say, a hundred thousand went for fifty and on down the line. And if you had no way to advance further money to the livestockman, unless he can get into some other source, why, it meant selling livestock, foreclosing. I don't think there were too many that were actually taken that way; I think the big percentage of them that were good businessmen were allowed to continue by getting their loans through the Nevada Livestock Production Association on a discount basis as far as the bank was concerned. So the losses were taken right down the line. But at least it kept the people in business rather than foreclosing and sending everybody out.

I don't recall now, frankly, what the final payout was. The Riverside Bank paid out a hundred percent, I think the Reno National paid out about sixty-five percent, and I don't remember the others.

You see, we were involved with different kinds of banks. You had state banks and national banks. Leo Schmitt became the receiver of the state banks, and Walter Tobin of the Reno National Bank, and a man by the name of Harry Streeter was the receiver of the bank in Winnemucca.

When you have a depression, the effects of it don't wear off within two days; I mean you—you've got a long way to pay off these kind of maladjustments that occur during that period. But I think the public generally was pretty sensible about the thing. There were those who, of course, became very bitter about the overall picture. Many people felt that—the Washoe County Bank depositors, for example were paid seventy-five cents on the dollar at the time the United Nevada Bank was organized. This all happened, you see, during the period of three or four years. Even though the seventy-five cents was very generous, in my opinion, many people felt well, they should have had a hundred cents. Of course, you don't make friends by paying less than they think they're going to get. So for me, I'd never buy a bank unless I could pay the people a hundred cents on the dollar, no matter how much difficulty they're in. Because you'll never hold their loyalty; they'd always feel that they were taken. And this is what happened.

This is another situation where Wingfield was trying to save a situation. And the Scheeline Bank and the Washoe County Bank were both having their problems and so they formed the United Nevada Bank. And that took over the deposits of the Scheeline Bank at a hundred cents on the dollar and the deposits of the Washoe County depositors at seventy-five cents on the dollar and called it the United Nevada Bank. And it wasn't a very successful move. But, in trying to save the banking business in the state, he did go ahead with it, formed the capital and formed the bank. But people forget these things because they're always looking at the final results of what happened during the depression.

But he had a lot of courage—and I'm talking about Mr. Wingfield—in trying to do everything he could to save the banking industry in the state, including the two banks that he wasn't connected with at that time. But if you have one bank fail in the community, it does affect all the others. It then adds fire to the concern of people. I think that, as I say, I want to say again, he's one of the few men that made their money in Nevada that stayed here and tried to develop Nevada with it. Cause early San Francisco was built with the money

that came out of the Comstock, as you know. And very, very few of them ever put a nickel back into Nevada; they took it all out and built other communities with it, or other places. So I have to admire him for that purpose. I don't say that he was an angel by a long ways, or that he was the smartest man on the world either, but he was a loyal Nevadan, and he believed in Nevada.

I never knew the man just, you know, close relationship, except being the boss. I know he'd open the front door and he always coughed when he came in the door. First thing he did when he opened the door was cough, and everybody would look up and see him come in. He never was mean or made any noise about anything, he was just a strict boss, that's all. He expected everybody to live up to some level of achievement and do their day's work. And there was never any argument if you did that.

I don't know what other parts of that situation can be covered. I must admit you can probably write a book on the whole banking situation, if you wanted to get down to the details and try to work out everything. I don't think it's appropriate for me to try to do it because I didn't make any research. Practically everything I'm telling you is right off the top of my head, and a recollection.

I know I've been rambling a little bit here and maybe getting out of sequence. It's different if you wrote something out.

I'll try to back up to the banking business, and just—this is largely hearsay, conversation, but in the 1905 or 06, the banks in California had a problem. And we had a problem in Nevada, too. But the Wingfield bank in Goldfield, as I remember, the John S. Cook and Company was in pretty good shape financially, and did help the Crocker bank in San Francisco, by depositing money with them, to help them through their period. As a result, the relationship between the Crocker interests and the Wingfield interests was very close. And when Mr. Wingfield went through bankruptcy as a result of the crash of his banks in 1932, the Crocker had loaned Mr. Wingfield very substantial amounts of money, which he put into the banking system to try and save it in that period. But when he went through bankruptcy, then the Crocker interests made it possible for him to buy back those securities or properties that he had given them as security for his debts. Which would include the Riverside Hotel and the Golden Hotel, and other properties that he had given to Crocker as security. So he was able to make a comeback, which showed the ability of the man to live through. adversity and still come out ahead. In my opinion, he was a very shrewd and capable businessman. But largely through this close relationship with the Crocker interests, why, they made it possible for him to come back. He raised a lot of money through his borrowings to try and help save these banks; he didn't run away from them. In other words, he went as far as he could with the thing. And I still believe that if they had reorganized, that within a period of three or four years they could have pulled it out. But that's history. That's down the drain now.

In that period in 1933, 32, 33, even the Bank of America was surveying the field to see if they could come in and help reopen the banks, but it's one of those situations where they would not have been able to pay the depositors a hundred cents on the dollar, it would have been a very bad move. If you can't buy a bank and pay its depositors a hundred cents on the dollar, you never want to touch it. Because the people always will feel that they were taken advantage of and didn't get their full worth of their deposits. So, it's better to liquidate than to try and pay

less than the full deposit value. And I think this is one of the mistakes that Mr. Wingfield made when he bought the Washoe County Bank, and paid the depositors seventy-five cents on the dollars. Because I don't think the average depositor felt that he was treated fairly, even though the bank failed a couple of years later and they didn't get full returns on their deposits that time. So it showed even the seventy-five cents was probably too much.

Of course, he was a gambler in his early days, and he was a rugged individual. When they had the IWW' s, or whatever that organization was, trying to organize down in Goldfield, he went right out and fought them and came out ahead on the organization of the unions down there. There was the IWW's, I think the name of the organization, and that's just an interesting piece of history in itself. I'm not familiar with [That] because I wasn't there, of course. But you hear stories about how he handled the situation in Goldfield. He was not afraid to stand up to anybody. And of course, he made a lot of money in the Goldfield boom down there. But here's a fellow who brought himself up by his own bootstraps and had the ability to become one of the leading financiers in the state, or during that period, up til 32.

He was a very influential political figure, too. Somebody would say that he was able to direct the affairs of both the Democrats and the Republicans here by his influence. And yet, I don't think he was ever interested in running for office, they did appoint him as regent at the University for a time. But, I don't think he ever was interested in a political office. He supported, of course, a lot of people who ran for political office over the years but I don't think he was interested directly himself in being a senator, or anything of this kind. In fact, I think he was quite hesitant in being a regent of the University when it came right down to it. He didn't like to be involved directly. Practically everything he did was indirect influence that he had with the community.

And yet he gave them this Wingfield Park down here, you know, and he didn't want any credit for it, really. You have to watch that too, because somebody will have some bright ideas to put up a building of some kind on that, too. It's like the recommendation to cover the river to make a parking lot out of it—get some funny ideas once in a while!

[I would like to talk generally, about life in Reno in those years.] In the 20s, or when I started at the University for the year I was up there, we knew all the speakeasies and all the places that went on in the community. And there were some rather nice clubs, but we had to be known to get into them. And of course, that old business in those days, even under twenty-one in those days, you weren't allowed into them. But we knew where they were as youngsters do, people—young people know everything that's going on, you know. But the Graham and McKay group really controlled most of this activity at that time. I'm not going to say that they were the bootleggers, because that's not true. But as the clubs, they did run the clubs, the gambling clubs and things of this kind in the community.

And in 31, maybe back as early as 1929, they had this—I'm not going to say *they* had it, but there was a scheme going you know, where people were taken under the old "lost wallet" deal where this person would lose a wallet, they had money in it, that these "honest" people would find and in appreciation of the return of the wallet, they would offer to bet on a horse race for them, it wouldn't cost them anything. The horse won, according to them. These people, in order to show their good faith had to put up the amount of money they won. This is a con game; it's the best one, you know. They'd bring the money in and

give it to these people and then they'd buy them a ticket to Texas or some other place, and of course, their money was gone. These people were elderly people, mostly, from the mid-west, ranchers-.who'd retired and other people with their savings. And I suppose that they were so chagrined, they never reported this thing. This went on for a couple of years without any report from any of these people that had been taken.

I don't know just how it broke, but it finally did break. And then, of course, they investigated a number of these so-called "mystery transactions," they used to call them in the bank, cause these people would come in and want their draft cashed. And we wouldn't cash it. We'd send it back to the bank it was drawn on without a guarantee of a signature, or anything else, ask them to pay on the signature of payee only, because we wanted to stay as clean as we could on the thing. We knew that they, at least, were not doing the best thing with their money but there was no way we could convince them. We asked them to take another check to give to somebody; they wouldn't take it, they wanted to have cash. And so they'd eventually get it. In fact, the bank was going to be sued a couple of times because we delayed too long in giving them money. But they'd take the money and give it to the crooks and then, as I say, the crooks would send them to Texas or Mexico or some other place to collect their money. And that's the last they'd ever see of these people. But anyway there was a couple million dollars, as I remember, that went through the banks in Reno at that time. And finally it was tied into a group that worked with the McKay-Graham group. And of course, they served their time for it.

Of course, Reno was always a wide-open community. We had our "red light," as you know, and it was a more or less "live and let live" area. And yet the morals and the problem of Street robberies and things of this kind, we didn't hear of them in those days. I don't know. Of course, Sheriff Hillhouse—the only way to get into the community, the easiest way to get into the community, was by trains, and then he spent most of his time down at the depot and these bums would get off of the trains and he would just put them right back on the next one and get them out of town. This is the way he ran it. Well, of course, you can control it pretty well because there was only this one way to get into the community. But we never heard of purse-snatching or people being mugged or—. We didn't have any of that in those days. Burglaries in the homes, that was rare, compared to today, when every paper you pick up has a whole list of homes that have been robbed, or either been purses snatched on the streets, shoplifting. We just didn't have it in those days. I'm talking now about the 20s and 30s. I think that regardless of the reputation the community had as divorce center—which it was at that time—morally, the people were pretty conservative and I think good citizens. I hear about the other kinds of things like, I just told you, with the McKay, Graham, and that group that took these people from out-of-state. It was a bad thing, of course. And some of that kind of business went on more frequently, I guess, than we realized until it was over. But as far as women on the street at night, there was no concern about walking from your job to your home without being mugged. We never heard of it in those days. Until we got the highways open, and we have the tremendous influx of people coming in—and then, of course, our drug culture and these things coming up, I think has a tremendous effect on the morals of the people. And I don't like to get moralistic, either, but I'm just talking about the period back there. When the clubs would walk

down the street with their cars or hands full of money and to into the bank, [they needed only] to have one man walking along with them. As a kid, I used to go to the post office with the currency (two of us), and put it in the post office without any guard. Now you have to worry about armored cars.

So there's a change in the whole setup. As far as obeying the law, or following the law. We've become so doggoned permissive these last few years that people seem to think they have a right to obey the laws they like, and they disobey the ones they don't like. Too many, too frequently; how to get back on the beam, I don't know. But it was interesting in those days, because as I say, we just didn't hear of robberies or break-ins in homes or offices, safe breaking. Maybe an occasional one, but gosh, it was very unusual.

The old Bank Club in the old Golden Hotel was the gathering place for all the livestock, mining people in the state. In those days, you could go into the lobby of the Golden anytime and find a number of these old timers—I shouldn't say old timers—livestockmen or mining men, it was a congregation place for them, at the old Golden. And then the Bank Club, of course, was the gambling club here in those days, and later there were others like the Club Fortune that put in some slot machines and some gambling. And of course, Lake Tahoe had Cal Neva; that was the first time we had a club over the state line, as you know. One side was gambling, one side was living or eating. But they conducted themselves well, even without a great deal of regulation as we have now. And we didn't hear much about them, but this one incident—this number of incidents that I told you about—show that there was still some hanky-panky going along with gamblers and others that wanted to take the public. I suppose it will always be that way. I'm talking about the general street atmosphere, though. We had very little problems with things of that type.

The floaters, the people who came into the community that we didn't want, Hillhouse could spot them and send them right out again. So we didn't have the floaters coming in at that time. When you get your highways open and transportation is free and easy and encouraging people to come, why, then you're going to get all kinds of people here. I don't know what else to say about Reno.

(Do I remember the opening of the highways and the big celebration in 1927?] Yeah, in 27, we had a robbery in the bank that day or at that time. The people watched this fellow with a gun holding up one of the tellers in the old Reno National Bank and they thought it was part of the celebrations, and so didn't do anything about it.

There were two hold-ups in the bank there. One time, they got Harry Kennedy, the cashier of the bank, and escorted him down to a window to get money. The other fellow went right to the window and I think got \$2700—which 27, 1927, \$2700—everybody thought it was part of the gag. It really wasn't.

Oh, we had hold-ups in those days, too, you know. I can' t remember what year this was but they robbed the Bank of Sparks for \$25,000, and took off for the hills around Virginia City and never did catch them. So there were robberies in those days in the banks, just like it is now, not as frequent but they had them.

Well, I think that we'll back up to the McKay and Graham transactions that occurred in the 1930's. About that time, Roy Frisch, cashier of the Riverside Bank, on his way home was either kidnapped or left voluntarily himself; it was never decided. The opinion at that time was, however, that he had been kidnapped and perhaps disposed

of in some isolated mine or some other place. There's a lot of speculation, I know, about it. But at any rate, he was never heard of again. And this has been—well, forty years ago, thereabouts.

It might be well just to talk a little bit about the banking in Nevada. I wrote some notes down here a while ago. I wrote down, in the past 100 years Nevada had some 172 banks come and go. During the 1860s most anyone could become a banker. The capital requirements were very nominal and of course, every mining community that was established in the state at some time or another, had a bank. And they lasted about as long as the mining boom in that particular community. Take Manhattan, Hamilton, Rawhide, Mazuma (I never heard of Mazuma but there was a bank there at one time). Rhyolite and, of course, Virginia City, and Goldfield, Tonopah. Of course, some of those communities are still with us and of course, banks have now been reestablished in Tonopah, for example, but Virginia City still doesn't have a bank up there.

The 1860 census reported 6,857 people in the Territory of Nevada. And yet Nevada was admitted to the Union on October 31, 1864. I don't think they counted the Indians [laughs]. The gold and silver being produced in Nevada at that time I'm sure, was the deciding factor as to whether Nevada became part of the Union, because it was so important during the Civil War. And then of course, at that time Nevada was entitled to two senators and one congressman, which was rather important for the administration—Abraham Lincoln's administration at that time. So I'm sure that this affected some of the decision in having Nevada as a member of the Union.

And then in 1931, there were thirty-one banks serving Nevada. And total deposits were a little over (I marked here) 36 million. Banks in Reno had total deposit of $17,250,000 and Las Vegas $2,100,000. That's in 1931.

Of course, we've already talked about the—mining wasn't the only industry that affected banking in the state. During 31, 32, livestock prices declined (as I told you) substantially. And this was the cause, major cause, of the closing of the Wingfield banks. Then after the closing of the Wingfield banks, a number of communities were without banking services, including Sparks, Fallon, Carson City, Tonopah, Winnemucca, and Wells. And Reno had one bank, the First National Bank in Reno. And this, by the way, didn't observe the bank holiday.

Then in April of 1934, the First National Bank was acquired by Transamerica Corporation. At the tine of the acquisition, the First National had deposits of seven a half million. And thereafter, the branches were established in Carson City in 34, Winnemucca in 34, Tonopah; and then in 1935, Fallon and Sparks; in 1947, Wells. And then the following banks were acquired to increase the service to the state: the First National Bank of Elko, Mason Valley Bank in Yerington, the First State Bank in Las Vegas, Farmers Bank of Carson Valley and Minden, and the First National Bank in Lovelock. At the present time, I think there are nine banks operating in Nevada. And I'm not sure of the exact number of branches, but I think a hundred branches of all the banks in the state are now located principally in the Las Vegas and Reno area, of course. To go back further on that, Las Vegas with two million dollars worth of deposits in 1931—of course, now they have about half of the deposits in the state, with more than half the population of the state. Shows the tremendous growth that has occurred in the southern part of the state. And

as well as the northern part, but not near as fast in the northern part as it has been in Las Vegas. They're talking now about adding an additional 8,000 rooms in hotels in Las Vegas.

In 1950, our population was 160,000 people; and in 1960 it was 285,000; and in 1970, 481,000. Now, these are figures according to the census. And of course, we always argue about the census being right or wrong.

Well, if you go back to the time that I started in the old bank in 1922, and that's when I first got my start in banking. And as I said, I started as errand boy up to auditor of the bank. During that period, we had a lady employee at the bank that got away with some $35,000 over a period of seven years. And this was about the time they—just shortly before the banks closed, this defalcation was found and it was covered by insurance but I spent six months building up every account that she had handled in the period she worked at the bank. we had to establish the loss, and made the recovery, never did find the woman. About that time the banks closed, and the bonding company really went broke as a result of a lot of this kind of situation developing around the country. At any rate, the lady was never found and yet, when I started to work for the receiver of the Reno National Bank, we received a letter from a motel down in, I think, Fresno, wanting to know if we knew where this woman was. She had worked for them for six months and got away with $1200. So I don't know where this lady is. At the time she worked for the bank, she used to get up in the morning (she had a little farm), bring eggs in and sell them. So we thought that, you know, good, hard-working, honest woman. That shows how appearances sometimes fool you. But it's just one of those really embarrassing situations that occurs once in a while when you depend on someone and find that they take you.

And this happens, not frequently, but more often than you'd like to have occur. Young people that live beyond their means take the money when they're not entitled to it by putting false loans in and holding out customers' deposits and things of this kind, until sometimes the losses run up to $15- or $20,000. Fortunately, as I say, it doesn't happen very often, but it has happened at least four or five times in my experience, where trusted people got away with substantial sums of money. It's always covered by insurance, of course, but why young people do this, I'll never know.

But getting back to the bank when I started. As I say, I was a messenger boy and later became a teller. During this period, [I] studied in the American Institute of Banking courses in economics, accounting, and to improve my knowledge of the kind of work I was doing. And I had a very fine man, by the name of Joe McCormick, who really taught me a great deal about the auditing function. And I was in that position for about two years when the bank closed.

And then I went to the receiver, W. J. Tobin, who later established the Security National Bank here. The First National Bank of Winnemucca had another National Bank receiver. And the state banks were placed under the receivership of Leo F. Schmitt and handled in the court. I think Judge Guild was the judge at the time, as far as the state banks were concerned. The national banks, of course, were controlled out of the office of the Comptroller of the Currency.

Of course, the duty of a receiver is to realize all he can from the assets of the bank and distribute the funds to the depositors, who were, of course, required to file claims

for the amounts that were owed them. But during this period, there were a number of livestock loans on the books of the bank. And it was necessary to advance funds to them for operating, for the lambing season, for wool, and even other operating expenses in order to keep them in business until they could either refinance or be liquidated. Of course, many of them were able to refinance through the Regional Agricultural Credit Corporation, which was formed about that time, and then some were able to refinance their farms and ranches through the Federal Land Bank, and the home owners were able to refinance their homes through the Home Owners Loan Corporation. And these were three of the governmental agencies that were established for the purpose of keeping people in business so they wouldn't lose then, or ranchers so that they could continue on if they were solvent. One experience I had in writing to the comptroller for authority to advance to a sheepman for lambing expenses, I received a reply that it might be well to postpone the lambing for another thirty days: And I think I've repeated that, but it's one of the things that was rather shocking to me, at least, to find out they knew so little about sheep and livestock. And I've already commented about the depressed prices of lamb and sheep and wool and those things that occurred at that time.

However, many of the livestock farms were able to survive through the crisis, and many of them turned out to be very successful. And some of them are still in existence that were refinanced at that time. Although this is fifty years ago, and many of them sold and ownerships have been transferred, so that the old original sheepmen are quite limited in number now. In fact, the sheep population of the state is probably a fifth or sixth of what it was during the 20s and 30s. Cattle, on the other hand, have increased in numbers. There are more cattlemen today than there—substantially more—than there were in the 20s and 30s.

But one of the difficult parts of a receivership, of course, was to try and save the business, or save the ranching business or livestock, whatever it happened to be in, yet at the same time there have to be deadlines because people can't wait forever for their deposits to be paid to them. And of course, there were many court cases and many unhappy people at that particular time. The depositors wanted their money, and the livestock and other business people trying to survive. And it took a lot of judgment to determine which ones could survive with a reasonable amount of help and which ones had to be liquidated.

I worked for him [Tobin] until the latter part of 1934, 35. And then when Transamerica bought the First National Bank of Nevada, I preferred to be in the banking business rather than the liquidation business; it just wasn't my line of work, that I was particularly happy in. So I talked to Carl Wente, who came in as president of the First National Bank of Nevada. I talked to him about the possibility of coming to work for First National and with my background, I thought I could do a job. So he asked me how soon I could come to work. and I said, "Well, I have to give the man a little notice." So I came to work in January 15th, of 1935.

Well, at the time I was in the Reno National Bank, of course, the officers were George Wingfield [who] was the president, as he was of several other banks that he owned. And Jerry Sheehan was vice president of the Reno National Bank, also in Winnemucca. And he was the president of the. Farmers and Merchants National Bank in Eureka, which he controlled. Harry Kennedy was the cashier of the Reno National Bank and

Pete Nelson, assistant cashier. Now, I worked with all of those people. Well, Pete Nelson and Alex McRae and Tom Willcox were the officers of the bank at that time. And, as I say, I worked with all of them for from 1922 till 1932. Then when the bank closed, of course, I went with receiver and they were officers and they couldn't take any position with the receiver. As an officer of the bank they're not permitted to. I guess fortunately I wasn't an officer at that time.

Mr. [Harry H.] Kennedy was a very large man, highly respected individual, good hunter, good sportsman. He was married, he had no children. And Pete Nelson, after the banks closed, I think both he and Kennedy went to work for the title company. I lost track in there somewhere, because I was involved in my own problems. But I think Kennedy and Nelson both went to the title company. I can't recall what Alex McRae did during that period of two or three years there, or Tom Willcox either. Tom, I think, worked for the Getchell Mine, which was one of Wingfield's mining operations, worked in the office of Wingfield.

I'm trying to think of some of the other boys that worked for us. Well, John Humphrey was a teller at that time and later became the manager of the Regional Agricultural Credit Corporation. Jack Cunningham became county treasurer, Clair Sutherland became vice president of the Bank of America. So most of these fellows who were in the bank did pretty good when they got out of it.

As a younger group, I'm trying to think of some of the others. There was Carl Friesen was at the bank at that time and came to the First National Bank. But none of the officers went back into banking, as such. The Scheeline Bank was run by Harry Scheeline. The Washoe County Bank, there was a man by the name of Stadtmuller, and Taylor. Directors, I don't recall who were the directors at that time. Frank Bender's grandfather, I believe, was a director and of course, the Mapes family.

The First National Bank, Richard Kirman, of course, later became governor of the state. Walter Harris, who really ran the bank as far as the operations went. And then their sons, Gordon B. Harris and Dick Kirman, Jr. And then they had one lady in there as assistant cashier, (what was it, Lizzie Mudd?) who ran their savings department for many years. And of course there were others, May Clark, who later became an officer there, and later worked for our First National Bank, too. And Blanche, her sister, worked for the bank here.

Now, the Riverside Bank, of course, was the Wingfield Bank and Roy Frisch was the cashier and Joe Feutsch I should say, was the assistant cashier.

Of course, there were other banks in the community, too. The Stockgrowers and Ranchers bank was down there on Second and Center Street. It wasn't around too long. It's my recollection that Ed Questa's first banking experience was with the old Stockgrowers and Ranchers Bank. And then of course, later he went to the Bank of America in California until he returned to Nevada in 1934 or 5, somewhere along that way, when Transamerica bought the bank.

The Scheeline Bank, I've already touched on that. The Scheeline family had that bank for many years and then it was consolidated with the Washoe County Bank; I've already touched on that, too.

First National Bank of Nevada and Thoughts on Middle Career

Then to get back to the First National Bank here, I think, when Carl Wente, as I said, came into the bank. The first thing that was done, was to establish a branch banking

system, so that these communities could have banks. And I've already touched on the banks that were established in 1934 and 35. And I think this is the biggest change in the banking as far as Nevada was concerned. It was patterned somewhat after the Bank of America, because Mr. Wente had been connected with the Bank of America, or the Central Bank in Oakland, really, and then went to Portland and later to the Bank of America, became president of the Bank of America. So, as I say, the biggest change in the Nevada banking, as far as the banking organization itself, was the branch banking system.

I don't think there was any serious opposition to branching in the state. There may have been some but it was not very vocal, really. Let's face it, there were only two or three banks in the state at that time left, you know. And oh, there may have been some opposition, I don't think it was really very heavy. Because it seemed to be the logical way to get service to these communities, like Sparks, Tonopah; and Carson City, the capital of the state, was without a banking facility. And it was just a matter of branching or not having any banks at that particular time. Trying to raise capital would've been a very difficult task.

But the branching is actually the more logical way to conduct a—well, we're almost like a service station business. We have branches all over the communities now where the demand is made and the branching is the only way you could do this. You couldn't be with independent banks all over the community; you have to run maybe two or three years at a loss in order to establish. Now, it doesn't mean to say that there can't be independent banks, but they won't serve the community as well as when you have branches located in convenient places for people. So I'm highly in favor of branching. Now, of course some states permit branching within the city, sometimes within the county, and sometimes statewide. I think branching is more prevalent in the West than it is in some of the states in the East. I shouldn't say that was true in all, but in some states still prohibit branching. Like Illinois is one, for a good example. You take one bank like First National Bank of Chicago or the Continental Illinois Bank in Chicago, with. billions in deposits in one building downtown. Well, this doesn't help much in serving their customers who have to come downtown to do the business, you see. I think this is the biggest change that happened in banking in Nevada really, is the branch banking system. And then having ample capital for every branch you establish and, of course, capital is related to deposits and risk assets, which means loans and other things of that type, too.

[Some of these branches have kind of an interesting history, like the one at Lake Tahoe that only lasted for four years.] Well, this is where we try to take care of a community. As I say, an independent bank would never survive, I mean if they depended upon just Lake Tahoe business. We were probably four or five years premature in establishing a branch in Lake Tahoe. But on the other hand, it was a summer facility was what it was, it was part of the deposits of the main office. And when the branch closed in the fall why, the deposits and records were transferred down to the main office. Actually, all the bookkeeping was done here. But it was really a facility, rather than a full-fledged branch. Now, of course, you open a branch at South Lake Tahoe, [which] was a different matter because the growth had occurred and the demand was there. And so it's been a very successful branch since it was up there. Now, of course we've gone back to the north side of the lake with a branch and

it's doing very well because of the tremendous growth that's occurred up there. We were actually five years too soon at Lake Tahoe. These decisions that you make, based on the surveys and it was felt during the summer there was enough demand up there for the facility, and that's really what it was for. Wallace Taber ran that for the several years it was in there; four years or five years, I forget now how many years. But it was eventually terminated because the demands were just not there.

But any branch has to be supported by population growth or your anticipated growth in the area. Right presently, you know, they're building one out at Sun Valley. Well, who would have thought a bank was needed in Sun Valley up till about a year ago. And yet the growth out there is faster than any part of the community, really, outside of Sparks, of course, and they're running out of ground down there. So Panther Valley and all these areas up north of town are trying to develop. There again, I don't know what they're going to do about sewage and water and a lot of other things, if they continue to grow. A big factor in our state is the water supply and the availability of it. Power is not a great problem but sewage and water is a very determining factor as to where you can go from now on.

Well, as I told you, I didn't want to stay in the receivership business and banking was a field that I liked and wanted to continue in. And so I came to Carl Wente (and his office was up at Second and Virginia). I was down at First and Virginia.

One of the problems that we ran into at that time was trying to get more people to move to Second and Virginia to relieve the congestion at First and Virginia. And people are reluctant to move; even though they might be inconvenienced somewhat, they still feel comfortable going to a location where they've been treated well and where they know people. And, it was really difficult to get the people to move up there. Well, the growth of the community took care of this very shortly, because Reno started to grow again, substantially, and then gradually people changing ownerships the branch did grow and finally became larger than the old original office down here. And that's one of the reasons I went to the Second and Virginia office [1938], because of my acquaintanceship in the community and trying to encourage people to go to Second and Virginia. And to relieve the congestion down here. And I think that was the primary reason that I went to Second and Virginia, was a kind of a challenge to develop that branch. And of course, I spent quite a few years up there, in managing that particular office.

One of the things, I guess, that I feel most happy about is the number of young people who I trained at that office, who later became officials in the bank and the headquarters. I don't think I'm a good educator, but nevertheless, we had a good organization and I had some good people that I could rely on. We did do a lot of training for young people that have become branch managers in other places. I used to get a little disturbed once in a while because they'd take all my good people away from me and I was continually training more people, you know.

This happened in the 40s, the Second World War, and we were short of help anyway and the demand was pretty heavy for help. At that time, we started using women pretty generally, on the teller line, anyway. And in other responsible positions. And they did an outstanding job. And with all the handicaps, and as busy as we were, I think we had a better esprit de corps at that time than we do when things are more normal and people kind of coast along, you know, without any pressure. I think people perform better, really, when

they're busy, and when there's a challenge to get the work done.

Of course, there's a lot of difference between this present day banking system and the old day. In the old days, you had a job, and you worked until you finished it. It might take you until midnight or one o'clock in the morning to balance your work, but you had to do it yourself. Now, we don't do this. When we're out of balance, we hope it'll show up during the days transactions and the next morning someone will check the work to find the errors. I don't mean to say that the people don't have responsibility, but we don't work those hours any more, because it just isn't sensible. That's the way we used to do it in the old days.

There's a tremendous amount of training that's done to take care of people who come to work in the bank. We even have a charm course for girls. Telling them somewhat the type of dress that business people wear and type of hairdos and eye make-up and all this stuff. But it's given to every new female employee in the bank. We try and have them feel comfortable and know a little better about what they wear. Because most of these youngsters are eighteen or nineteen, or seventeen and eighteen, the first job they've ever had, they had no idea of the type of clothing and manners, or anything else. And then, of course, they teach them courtesy and, of course, on top of that they teach them their jobs. But there's a lot of time spent on just good manners, being courteous and dressing proper, on top of the education of their particular job. This is a new era. It costs a lot of money to take a youngster and bring then into the bank and train them for sometimes three or four months before they can take on the responsibilities that are needed. Some get on-the—job training, but this is one of the changes that has occurred in banking. We used to learn by doing, making our mistakes, learning the hard way. But we try to avoid that as much as we can now by proper training of people.

[Who were some of the ones that I trained?] Well, a lot of people worked under me, I don't say that I trained them necessarily. Well, Ernest Martinelli was one, Henry Gallues was another, Bill Elwell, [James H.] Bud Bradshaw, [Elwin] Tony Trigero—these are all I can recall now. I'm just trying to think more. These are the young people that are coming up to the executive level now. And they did work for me for a year or two.

[How did we decide which ones you're going to train, and which ones we're going to let go? What makes a good banker?] Well, I think attitude is the determining factor on whether you train or advance a young man. If he shows the interest in his job, he gets along well with. people, and of course, he had the normal amount of intelligence, hers accurate in his work, and he's got some basic training in the respect. But I think the determining point is his attitude. If you've got somebody looking at his clock to get away promptly, and doesn't get along with his fellow workers, why, he's maybe not going to be around very long. But anybody who has a good attitude towards his job; number one, he likes people, he's able to get along with people, then this determines pretty well whether you're going to develop that young man or not. And then, of course, the willingness to do the job, and the ability to do it, of course, comas along there somewhere. How do you balance it? I don't know. I would say principally. I'd rather take a good hard working young man who's interested in his work and is trying to learn, than I would to take somebody that graduates from the University with a straight four average and can't get along with anybody. He may have the brains but he doesn't have the ability to get along with people. And

in banking, why, this is a people-oriented business and if you can't get along with people, then you don't belong in banking. I think this is one reason that kept me in banking . I like people, I like to be helpful to people, and I made my effort to learn what was going on, to keep informed as to procedures, laws, and all of these things. It's more than just knowing how to add two and two. But it's the attitude, really, that determines really whether you spend time advancing a young girl or a young boy. Along with their training. And as I say, in these training programs we have now, these trainees are evaluated every ninety days to see what their performance is, if they're doing a good job, why then perhaps they get a chance for some other position. If they don't do good, you spend a little more time training or seeing what's wrong and some are just not fit for it. But it gets back again, same old thing again: if they've got the right attitude and are willing to work and do a job, why, they can do it.

We've got a lot of people that perhaps when you say a formal education is somewhat, maybe, average, who do a better job than some of the boys we've taken out with a high education background. It's a matter of applying what you know, for one thing. It gets back to the same old thing: attitude. But, all these young fellows that—maybe it's a stick-to-itiveness, too, with people who were—well, they're all willing to work. These boys that I've talked about, there is no lazy ones among them; they've all been ambitious, willing to work and try, so they have the opportunity. As they give them more opportunity if they perform, you give them further opportunities and eventually, they get up to the level of these boys I'm talking about.

Some men are happy to just stay in one position. Some of our smaller branch managers perhaps would rather stay there than get into the competition of a busy main office or head office with responsibilities involved. We have, a number of people in our accounting department and other departments in the bank that, they do a good job where they are but they just do a job. And they have no particular interests in advancement—doesn't seem that way, anyhow. They don't try, they don't do any more than they're asked to do, and so they stay where they are. We have to judge people on their ambition. To begin, it's largely attitude.

I don't even know the number of employees we have that are in the bank now. We used to run around 1200; I'm sure it's higher than that now. And the turnover in years past has been as high as forty percent. And this happens largely in the teller line, girls.

You know, you talk about "women's lib" but really, I don't think most young girls expect to work. the rest of their lives. I think most of them figure well, I'll be married one of these days, be a homemaker, something of this kind. At least it used to be that way. And so you wonder why girls weren't advanced. Well, now things are changing, and of course, girls seem to be more willing to work for the rest of their lives, in a joint venture. And many of them have to work. I mean if they marry at the age of eighteen, nineteen, twenty, twenty-one, even then; their husbands are probably at the bottom of the ladder somewhere and between them, why, they both have to work. And of course, we find out ten years later the girl who said, "Well, I'm only going to work a couple of years," is still with us. Some of em with us thirty-five and forty years, too. Most of those at that length of time are, however, single girls, although we have some married girls here, twenty years with us, twenty-five. It's a changing situation. You know, for a while we wouldn't hire girls as bookkeepers because we felt that the men were the providers and we had to give the male a preference. This is some years

ago. But men didn't like to be bookkeepers (I'm talking about bookkeeping machines now). So we found they did a poor job, so we went back to girls and let them be bookkeepers anyway. Tellers were usually men, practically all tellers were men in those days. And now, of course, most of the tellers are girls. And we'll put men on it for a training period but generally, the—permanent tellers are girls. Some of them just won't change from tellers. We've transferred a couple of them out of tellers lines and made the most unhappy people you can think because they preferred to be at the teller line and wait on people. You put them in the background because they had good ability to balance, or run a bookkeeping department and some of them just awful unhappy. They didn't want any part of it, they wanted to get back in that teller line. Even though they made a little less money, they'd rather be there than back in a routine position. It's a matter of dealing with human nature and people.

I think perhaps I was a little more strict than most with the people that I was training, or with the people that were working for me. I expected them to perform. I think it paid off. Most of them now say it was all right; at that time they thought I was pretty mean. I don't think that's true, the entire word, but they gave me a bad time sometimes, even the fellows downstairs [FNB] now.

But it's a lot of satisfaction to see young people develop and grow with your community. Give them the opportunity and see them develop.

Well, of course as I say, we really pulled out of the Depression by, say, 1935, 36. I think that Nevada was over that bad period. And of course, the growth determines largely which direction you go. Back here a few minutes ago, I showed—now, of course this [set of figures] only goes back to 1950. But at that time we only had 160,000. Well, we had a 110,000 prior to that time, if you recall. We talked about one square mile to one square person. Now between the ten years, you gained 50,000 people in the state. I think this determined largely the direction in which we were going. I remember Carl Wente when he cane in here in 1934, 35, said if we could ever get this bank to $50,000,000 based on what we had at that time and population and growth and things like that, it would be a wonderful move. Well, now the bank is an 800-million-dollar bank. Which wasn't visualized by even Carl Wente at that time.

Your growth really started, you might say, after World War II, the fast growth. But there was still a growth before that and getting out of the depression and getting into World War II, of course; created a lot of problems. It also created military facilities in the state. If you remember, we had Stead Air Force Base and Nellis in Las Vegas and it brought a lot of military people in. Plus other activity. The Las Vegas area particularly started their Strip area, developing it, you know. And this, of course, had—just grew like Topsy, finally was recognized as the leading entertainment section of the world. This is all part of that substantial growth. I don't have the population figure in my mind, in Clark County let's say, in the 30s, but I'm sure Washoe County was substantially larger at that point. When you built Hoover Dam down there, this of course, has a tremendous effect on the southern part of the state. Just people visiting the dam was enough to keep most people or most communities happy with tourists. And of course, this developed into the Strip area and everything else that has to do with relaxation and entertainment. And then of course the northern part of the state has just grown steadily, got probably a six or seven percent annual rate and perhaps this late year is going to be faster than that.

Because they developed the warehousing. Now, this is more recent, I know. But in the 35 to 41 period, this was a rather slow steady growth. I think we were adjusting to a lot of things that were happening in a small way.

Then the war came along, of course, we had the disruption of not having enough people, and people were seeing—many of the military people that served out here came back later to retire or to get jobs in Nevada. I would say that an important part of the economy here at that time was the Stead Air Force Base. And of course, after the war we were still growing somewhat but I think we have to get up to the ‘60s really to show the fast growth we’ve had. I’m talking about the state as a whole now, particularly the southern part of the state. In the 60s was really the very fast growth period.

[In the 30s and 40s, this World War II period, the gamblers were beginning to expand a little bit.] Well, I think your banks were a little bit aloof, if you want to put it that way, in the gambling area. At least, I’ve always been aloof on the gambling end of it. I suppose background and early training and this sort of thing, we never felt too much of a—you know, too friendly towards the gambling as such. And yet with the type of individuals who started their gambling here, like ole Pappy Smith with his little arcade about the size of this office developing—. And then of course, during the war, all the servicemen out here coming into his place. And he had a philosophy, he never let any of those boys, as I understand it, never let any of these boys go away broke. If they gambled their money, he always gave them twenty dollars or something to get back on. Then later on, of course, he established his very generous scholarship program. And so he built some respectability in this area.

Now the old Bank Club with the type of people who were in there—and yet my dealings with them ware always— never any question about them. I mean if they needed money in the bank, brought a check in, I never worried about it. Never worried if they were going to be short or over in their money, because it was a very good relationship with the people that ran the place over there. But that was the only gambling club here. But later, the Club Fortune came into some minor gambling and then when Raymond I. Smith came in here, this is when gambling took off. And he built up a respectability towards the gambling industry that was not known before. His was built strictly on volume; there was no under the table dealings or anything else; it just changed the whole thinking. And of course, than Harrah came in and the Nevada Club and then Cal Neva. (And I may be wrong on the numbers or directions these came, but these were the four clubs.) And then the Mapes Hotel was built and they had gambling in there. And of course, the Wertheimers and the Riverside Hotel for a while. But with the type of individual that was running the gambling industry up here, did change this image quite a bit. And it became a volume deal, just like any other kind of business, really.

Now, in the Southern part of the state, when they started building the hotels down there, and then nobody would believe that you’d have as many rooms down there as you have today. And they’re still talking about 7- or 8,000 more. This was built on a different type of person, I think, generally, than the. three or four we had here. Many of these people were—oh, take the Cal Neva Club with Cavanaugh, Douglass, Nightingale, they’ve been around here a long time. And Mapes, of course, family been here for years. And of course the Nevada Club with Mr. Fitzgerald, who had his problems when he came out here. He had a background of gambling in

the Detroit area. But the rest of them didn't have that background. They just came up from the bootstraps, really. Southern Nevada was a different situation, different backgrounds, different people, many of them having, perhaps, a little bit unsavory reputation before they came here. And yet, then later when the Hughes people bought the hotels and Del Webb Corporation built hotels and the Tropicana with the Houssels—just to name a few that have been well recognized and never had their names in the papers about any tax evasion, all those kind of things.

But the entertainment in Las Vegas has been the thing that's brought most people down there. They've been able to afford to—and of course, this has changed the whole price of entertainment by competition for the leaders in the Las Vegas area, really. When you start talking about fifty thousand a week for an entertainer, top entertainer, why it's—it used to be maybe twenty-five hundred a week. And of course, as demand came in and competition, they wanted the best and were willing to pay for it. And the same thing affects here. When they bring the entertainers in now, they get paid pretty well. Lake Tahoe, of course, came in later. And Lake Tahoe fortunately, with the gambling institution that it developed there like Harrah, Harvey's, and now you've got the Sahara-Nevada, you've got some pretty reputable people running those places. The image of gambling has changed tremendously. You don't hear the opposition to gambling that you did maybe thirty years ago.

We really didn't get in very heavy on the expansion of gambling at that point. It was very nominal. Mr. [William W.] Hopper was president at the bank at that period and he again, I guess, felt that gambling was not the thing for a bank to finance. When Eddie Questa came into the bank, he helped the Club Fortune get established. I think that's about the first, you might say, gambling loan or loan for that purpose that was made in the bank. And then later, of course, the bank did make substantial loans to many of the clubs in Las Vegas. And then later, of course, we helped Harolds Club and Harrah's and Nevada Club, they were all being helped to some extent by financing their hotels or establishments. So I say now, generally, the bank treats these gambling places like, really, any other business. If they've got the background and got the ability to make the money and have shown that they can do it, they're treated, as I say, much. like any other business, really. You know about the hotel at Harrah's at Lake Tahoe; the bank is leading on financing that tremendous expansion. So over the years, we've gradually grown into this business and recognized it as I'd say, a legitimate business by reason of its being legalized in Nevada.

So many of the clubs in Las Vegas were helped by the bank over the years. Now the other bank down there is helping the Hughes organization; we don't have that one but the others that are being financed by the bank. I don't think we can name names; it wouldn't be appropriate to say which ones we're doing, which ones other banks are doing. But we have helped all of them, really, substantially over the years. But Eddie Questa, when he came in, and that first loan to the Club Fortune over here, was, I guess, the eye-opener for starting this kind of a business. And that was kind of a bad loan. It was hard to work out.

I wasn't involved in that. I wasn't involved in those kind of loans until about 1954 or 55, when I came up to head the loan production department. At that time, my work was more in operations of the bank than it was in the lending activities, although at the branch level that was my main function,

was in lending. And then I was always on the loan committee and the head of the loan production department. So my activity, I shouldn't say isn't all lending, because it is, practically since the time I went to the main office, back in 38.

[What were the more acceptable types of loans in the end of the depression, second World War, beginning?] We had all kinds of loans. I don't like to say which ones were acceptable. We made many, many home loans under the Federal Housing Administration. In fact, that s about 1936 or 7, I guess, when we really started making those. We didn't want to make them originally under the Federal Housing Administration loans because there was so darn much red tape and the interest rates were low. Then, of course, later you found out that you could have points to offset interest rates and so we made a lot of FHA loans, tremendous number of them. So that in the 40s, I guess, between oh, 38 and the 40s, we made large numbers of FHA loans. And of course, then the normal business loans to the business community. People like shoe stores and clothing stores, contractors, general run of loans; they were always available. And then we did have some cattle, livestock loans, too, yes, many of them. In fact, we have substantial loans now with the livestock industry, farmers.

We've liberalized over the years; policies have been liberalized. The one area where banks have been restricted, that is loans on security stocks and bonds, principally stocks, listed stocks. Well, in the old days, we used to loan ninety percent and this is one of the things that hurt many banks around the country. This is in the 20s, you know, 29 to 30, and they had to call loans where the securities had dropped so rapidly in value. Many of these people owed substantial amounts of money with nothing to pay with excepting their ability, cause their stocks were gone and they still owed a balance after they were sold. Because the loans were made at eighty and ninety percent of values. Then the Securities and Exchange Commission or the Federal Reserve bank, I should say, limited it to sixty percent, couldn't loan over sixty percent on the listed stocks. Now it's eighty percent margin, only twenty percent you can loan. so this stopped the speculation by bank loans to buy stocks. Actually, right now a person has to have eighty percent equity in order to borrow his twenty. But these were all kinds of loans.

Then the big change occurred when we started the installment loans. This is where people could come in and buy refrigerators, automobiles, modernize their homes, vacation loans, you name it, installment loans, and this became a very active part of the lending activities in the bank. And now it's a very substantial part of the bank portfolio, these installment loans, paid monthly, for automobiles and every other thing that they want to buy. You hear a lot of comment about—in fact, in last night's paper, I guess—said that banks were getting people so far in debt that they'd never get out. Well, I don't think people will ever get out of debt. Because if one gets out, there's somebody else in there. But it has made it possible for people to buy things and enjoy them as they pay for them. I think sometimes that people are wrong in borrowing beyond their means; I don't know why you'd blame the financial institutions for people borrowing more than they should have. But it's a trend today on this consumer protection deal that the consumer doesn't have any brains at all so somebody has to protect him. And maybe they're right, I don't know. I think there're still some intelligent people who should know or should be able to add up two and two and find out whether they can afford to go into debt further for

some other article maybe they can get along without. But it's so easy now, that many people get led in over their heads. And perhaps many of them are young people, and perhaps they have to learn the hard way that when you borrow money you've got to pay it back. But the installment loan business is probably the fastest growing part of the banking.

You feel the trend of the demand of the public for whatever they may want, and then you add up the risks involved in going into that field and you finally get into it in a small way and gradually, it grows. The demands grow for it. In the '30s, if you wanted to buy an automobile, why, you paid cash for it or you went to the bank and if you were good for an unsecured loan, they gave it to you. But as far as taking a contract on the automobile, it was unheard of, or taking a contract on the refrigerator, no, none of this was done. And then about, oh, I guess, about the 40s, early part of the 40s, this became pretty general. Of course, all of the automobile companies had finance companies where they discounted contracts. And the banks gradually got into it and more and more started financing—well, appliances, automobiles, anything—vacation loans, everything was paid on an installment. Well, the same thing is true on real estate loans. In the old days, you made a loan based on fifty percent of the value of property. In other words, if you had a $10,000 house, you could borrow 5,000; all you did was pay the interest. And that thing might go on for five or six years just paying the interest; you never get out of debt. Now, every real estate loan is made on the basis of the monthly payment, whether it's ten years, fifteen, twenty, twenty-five, thirty years. But they're all amortized, all real estate loans, now are amortized. I think the installment loans started somewhat by the demand, really. We started out with small wave and, I guess, first with automobiles. And direct loans on automobiles. People would come in and wanted to borrow on their automobile and we'd finance it, refinance it, so they'd use the money for some other purpose. (The fact is, one of our contracting firms started a business, really, by financing his darn automobile about three or four times.) But, anyway, this is where it started, in automobiles. And then personal loans came into the field in the 30s. If you wanted to borrow $300 to pay doctor bills, why, it was at twelve percent. And you paid or didn't pay; it was really no commitment to pay monthly, the thing was made "on demand." And sometimes those loans might run for a year or two, paying interest on them. And many of the loans were made that way. And then later, it was decided that it's better to amortize those type of loans. In other words, if you wanted to borrow $300 for doctor bills why, make it payable twenty-five a month or ten or fifteen, whatever it is, the person could afford to pay. So you eventually got out of debt, in other words; that was the theory, at least, by having installment loans, you would eventually get out of debt, rather than having a flat loan that required no payment on principle, paid interest only. So I think that we found the demand was there. Or at least, it seemed the demand was there.

Then we started promoting them by advertising and getting a full-fledged department in the bank that did nothing but promote and supervise installment loans. And that's what we have now. The fact is, we're adding another man now to help on this problem because our installment loans have grown tremendously in volume. I don't have the figures in my hand now as to the numbers or the amounts, because I'm not directly connected. But I'm sure that they, well, nearly doubled, perhaps in the last five years. Of course, the whole loan portfolio has doubled

in the last five years, too, and the bank's grown that way. And I think banks generally around the state have done the same thing. There's no question about it;. everybody's growing because the state's growing.

But the installment loans really, I wouldn't say came in by accident but they came in by design to try and get people out of debt. I think one of the influencing factors was the FHA program. Where real estate loans were placed on an installment basis. And I think this kind of encouraged new thinking on installment loans. So this is what I feel has happened. I think we found the demand was there and now they do a lot of advertising, a lot of promotion, on the installment loans, through dealers, on appliances, automobiles. And there are modernization loans for modernizing homes, and oh, vacation loans and all the rest of them. Practically all loans now to individuals are on an amortized basis, paid monthly.

Now the rates run up to about—on the personal loans, those that you borrow direct from the bank, probably run about twelve percent. In. other words, about one percent a month, although the discounting at six percent may run you—well, about that, it's about that. Automobile loans, some of them don't run quite that high; some of the banks advertise it as five percent, discount on automobile loans. But your dealer's paper, that comes in from dealers, I'm sure it's still six—on new cars, used cars a little higher.

But everything's amortized, everything is monthly. And that's expensive as far as the bank's concerned on bookkeeping, handling payments. In other words, if you have 50,000 installment loans you get payments of 50,000 a month coming in, you see. But I think that was largely it, just through demand and also new philosophy that, better to have people pay their debts monthly than it is to just go on not worrying about it.

[As a young bank executive], I had certain questions to raise in connection with going in on large volume on installment loans unless we had the facilities for handling and the personnel for developing; yes, you have certain things to consider before you put them in. And you have to build the organization to handle it. Yes, I had some hesitation about growing too fast into it, but I don't think we did. We grew into it on a proper basis and our experience has been excellent.

[How did some of the other bank officers feel about this?] We're talking about loan committees now, and these were where decisions were made. with five or six of us on the committee. We discussed these things and I think the feeling was generally about the same. If we were going to get into it, we had to get in the right way, and then go after the business. And that's about the way it developed. In the early days, of course, we didn't have a separate department. We just kind of grew and grew. And then you get big enough why, then you figure well, you'd better get some supervision and get somebody in handling that particular line of business. The same with real estate loans.

When I first started in the bank, I made every kind of a loan. I made a real estate loan, or I made an automobile loan, or commercial loan—it didn't make any difference what type. And then it was followed by the person who made the loan. And then, of course, as we grew into a bigger bank and more specialized then of course, we have the installment loan departments and we have other departments. Now the lending officer can still make the loans, but it's thrown into a department that follows that particular type of credit. And I'm talking about installment loans now. Installment loans are followed by the installment loan department, not by the branch. They make them, they go to the

installment loan department, and then they follow. Because it's the only way to control them. Now your delinquency rate on oh, installment loans may run as high as two percent, those that are delinquent. I think it's been down as low as nine tenths of one percent, it runs around one and one half percent. So based on experience on the losses and the ratio of delinquents, why, it stands up with any other kind of credit that we have.

This gets back to the matter of judgment. You've probably seen the little ads that are run in the paper about, "grade yourself" for a loan. Have you seen those things, where you mark numbers? If you get certain numbers, why, then you're eligible for a loan. (Now that's only if you have good credit. But based on your income, based on your length of stability and job, and all those things like that—.) They're the same old questions that you ask, but now we put it on numbers, so you grade it. The person can grade themselves. If they can't come up with that many numbers, why, they better save their time. But anyone who can come up to a minimum standard, as I say, job, length of job, age, and so forth, married, single. All those are determining factors. So it's almost mechanical. But the follow-up is the important part; you have- to stay on those loans. It takes a lot of people.

Of course, there are so many innovations in banking, Master Charge—Bankamericard at the other banks. This is another way, they say to encourage people to go into debt. Well, it's a question of whether the person knows how to handle his money. On Master Charge, many people use it all of the time, and they'll pay the bill when they first get the notice so they don't even pay any interest on the thing. Then the other people will want to take and pay off in the monthly installment plan. And you have another kind of a gimmick where you can set up a line of credit and if your account gets below $100, they transfer money into your checking account and then it becomes a loan. These are all ways to make it easier for people to borrow money. Whether it's good or bad why-, that's something someone else will have to decide. We are making it easier for people to be in debt, no question about it. And then you try to put regulations in where people can borrow money then, who's going to get hurt? How do you regulate credit? How do you regulate people's borrowing habits? We're talking about it, trying to do something, but I don't know what they can do about it. If you wanted to come in and borrow at the bank, that's your own decision, I think.

The credit cards, of course, there's a lot of comment about whether they should even have them, whether they should outlaw the credit cards. But you've got them for everything. Gosh, you go to the hardware store, the dress store, any place today, they all have their own credit cards—gasoline, they all have a credit card. Now whether it's better to have ten credit cards or whether it's better to have one, which would be a Master Charge card, I'm inclined to believe one charge card is better than having ten of them. At least you can add up one card and find out what you owe, but if you have ten of them running around, it takes a little arithmetic, but sometimes people don't bother.

I don't know how you regulate it. They've regulated the interest charge on the loans of that type by having maximums. The small loan companies are under different rules, because loans up to $300 have a different rate. Because it costs just as much to handle a $300 loan as it does for $5,000, you see. Setting up costs, and everything in there. So they do pay a higher rate on the smaller loans. But generally speaking, when you get up around a thousand or better, why the rates are not too far apart. It all relates to expense, handling.

Minimum charge, we. used to make a charge of two and a half minimum, let's say, to get any kind of a loan. Because it costs at least that much to set the darn thing up on the cards and everything else. We don't do that any more. Every loan is based on an interest charge, because the regulation says you can't charge anything else.

[When did the competition for making loans and so forth begin, in the early 40s?] Oh, I think so. I think the banks were generally competitive. If one comes up with an idea, another one comes up a similar idea or similar program. I don't think that the other banks were quite as aggressive in the installment loan business until more recently. Let's say the First National Bank was the heavy one in the installment loan business, but the other have come into it. The First National Bank has tried to deal with automobile dealers, direct, and the other banks have advertised for direct loans to the individual purchaser. It's a way of competing. So if one bank comes up with an idea, the others are going to come up with something to counter it. This is always that way.

Some banks, as you know, have a $100 minimum, no service charge; this bank hasn't gone for that. Other banks have what they call a one, two, three deal on commercial account service charges. If they have under $200, they pay a dollar or something, you get different rates. But it's all competitive. You try to come up with new ideas all the time so that you remain competitive. If you don't move with the times, why, you can get left in the lurch, you know. And this same thing is true; these little small banks are quite competitive in their solicitation of business. They can't be quite as effective, of course, because they can't spend the money. But nevertheless, they're competitive. And they'll come up with new ideas sometimes, maybe better than the "big guys' ideas.

The direct loans on automobiles is probably one where they advertise a five percent rate where you might say this bank, through dealers, is getting a six. Of course, the dealer is getting a reserve on it. But this is the one way they went after the business was to advertise—for direct loans instead of letting the dealers bring 'em to them. And then later on, why, they started getting the dealers' business, too, by competing with rates. Most of the competition on installment loans is on the rates, because every bank's policies have to be pretty much the same. You're all fundamentally sound or solid in your thinking, you're not giving it away, so when you try to compete, it's largely on service. And that's the reason you have branches; that's the reason our bank has so many branches is to try and give service to people. And I think this is the only way you can compete. And the small bank has the advantage of a few number of people and being able to know people better perhaps, less turnover than—not less turnover, but we have a lot of movement in a large bank, moving people around to branches where they're needed, and where they can get a better opportunity. In a small bank I think you'll find the personnel is easier to get acquainted with. If you only have five tellers, it's easier to learn than if there were fifteen of them. So that's an advantage in a small bank. And they advertise, they should capitalize on it. Then they get bigger, and then they have the same problem we do.

I don't know that anything stands out significantly in that period [of the 1940s]. It was just a matter of running a shop. I don't think my problems were any really different in as far as lending activities than in any other time. The only difference between being the assistant cashier and somebody way up here [gesture up] is the limits in which you can lend. In other words, everybody's established

limits, the branch manager in a small branch might have a limit of five thousand dollars but the manager in the large branch may have a limit of a hundred thousand. In those days it wasn't quite that high. In other words, maybe my limit was $25,000 in those periods up there, because the bank wasn't very big and we didn't make great big loans, as we do today. Because we make a four million-dollar loan today, within the limits of the capital. In those days, we were lucky to make a million dollars. But anyway, it's all somewhat relative.

When I started in the bank in 1935, as you know, I was down on First and Virginia and I was assistant cashier making loans within the limits and under the supervision, you might say, of the manager, Gordon [B.] Harris at that time. And I don't know what his limit was, didn't involve, didn't think about it, because we just took care of the people who came in. And then when I went to Second and Virginia as the manager of the main office, then I had the responsibility for all of the people under me to see that their loans were within limits. And so that's actually when we changed. As far as policy, or negotiating loans, and things of this kind, there's no change great change, excepting that your limits raise, you get involved in larger transactions. But your basic thinking on any loan is practically the same. It's a question of analyzing to see whether they have the ability to repay. And that the purpose of the loan is legitimate and is going to be for some lawful purpose, of course. But as far as the change in your philosophy or thinking, you're still dealing with people. And even at that time, if a loan was way over my limit I still did the interview with a person to determine whether or not he was entitled to it. Then had it go to our supervisors or loan production department, we call it, for another head on it. And if you get up to the limit of the bank, then it took the committee. So that this has not changed, it's a matter of approval more than anything else on the size of the loan. As far as negotiating and discussing and making loans why, it was up to each individual.

When you get a large loan, it takes a lot more—you should have more thinking, of course, when you make a $100,000 loan than you would when you make- one for $1,000. So it means financial statements and more careful analysis, of course. I mean, you just don't throw the money out the window. Yes, when you have the responsibility for larger loans and after all, even though somebody upstairs approved the thing, it was your responsibility. If the darn thing went bad, it's on your mark not theirs. Because this is the way—it' s a matter of getting two heads rather than one on larger loans, or three or four heads on limit loans involved with the bank.

[How would a typical conference on a big loan go?] Still one person, still one person. If it were an involved transaction, why you probably wound up in a conference room so you could sit down and get all of the information together. But actually all loans, as far as the individual borrower concerned, were conducted by the person with whom he was acquainted or to whom he'd applied. And then it was up to the individual taking the application to analyze and approve it or—not approve necessarily, if it's beyond his limit but—to recommend. And if it's recommended, why then it went up to the loan committee, and if they agreed with you, why they approved. If they didn't agree, then they disapproved. Then you have to get back to your borrower and explain why a loan was—because sometimes loans are recommended by me and other people at that level, and might be rejected when they get in the committee. Because they felt the risk was too great or there wasn't sufficient experience in this type of work or line, or

whatever it happened to be. So the loan was rejected Not often, but there were times when the committee didn't agree with the individual making the recommendation. This is true today. And this is the reason you have somebody above to review, you might say, more or less impersonally, whereas you're involved across the desk with somebody, you get involved with personalities, and they take more objective view perhaps, just sitting down and looking at the figures. I don't always agree that this is a better decision, but as least it's a decision that is made. Then if you go back to your borrower and if he can meet the requirements—sometimes they're conditionally approved that if the borrower can do certain things, why then the loan can be approved. So you're back to your borrower and say, "Can you do these things?," And if he says, "Yes," then you get back to your committee again and get it approved. And then, of course, there are the cases where it's disapproved and that's that. Then you lose an account [laughs]. Let the bank worry about it [laughs]. It happens. It happens.

One case that I can remember is the man who applied for a $25,000 loan. I thought it was a good loan. I still think it was good. But nevertheless, at that time the committee said, "No, we don't feel that we want to get into this kind of a business." And so I had to tell this man, who was well-known to me, that the bank just couldn't handle the loan. So he went to another bank and became one of their very fine boosters and customers. It's just one of those things. It was a disagreement in what should be done with that particular borrower. Well, there was a mistake. I was right, I think, see, and I must admit there's other cases where after review on the other end, I was wrong. I mean I'm not infallible. I didn't go through not making the mistakes. But I think of this one case, this is a good example of sometimes knowing the person, knowing his ability, knowing his background. You're dealing strictly on a personal basis, and yet the loan was good in my opinion. And this happens, and I'm sure some of our boys downstairs have the same experience now because they're going to. When I was in the loan administration, there were some loans that had to be declined because they were just too high in risk and in the wrong—inability to repay, more than anything else.

I don't care what kind of a loan you want to make today or anytime, as far as that goes. One thing in the back of your mind is, can the man pay it back? It has to be number one. And many people give you a lot of collateral, no means of repaying. Your collateral can vary, you know. And you still want to know, how you gonna pay that loan back? It's I think, basically, what you have to do is find out whether the person can repay. If it means a sale of property to do it then sometimes it's highly risky.

I'm generalizing on this thing, because I don't want to pick out any specifics. Generally, I would say, [having one go bad] was due to lack of management ability. I would say that this was probably true in most cases. One example is a young fellow that came in here and he had an idea that was a good idea, and he borrowed a few thousand dollars, and he developed and developed until he was finally borrowing $75- or $80,000. And I thought he was tremendous. I thought he was a very fine young fellow and going ahead. Well, he suddenly just got over-extended, he got into too many things. And as a result, the basic business he was in making his money out of went down the drain. No good reason that I can give for him failing, but he failed. And it was largely through management. This was reason, you not only make a loan originally but you keep in touch with that thing during

its life to see whether the person is moving in that direction. Now, this particular case didn't represent a loss to the bank, but it meant a man went down the drain because he just was trying to spread it too thin. This is management.

Three things that determine, I think, the success of any businessman, and one is experience, one is managerial experience, and the other is capital. And most businesses either fail because they have a lack of capital or lack of experience, or no management ability. It's like the sheepman, you know. He could work for somebody else and run a thousand sheep out in the hills and live with them, never lose a lamb. And then he'd come in and he'd want to go into business for himself, so he'd borrow to buy a thousand head of lambs. Well, then he became a boss, and he wasn't a boss. He'd worked for somebody else because they could direct, but he didn't have the managerial ability to run his own business. He's a fellow that should have herded sheep for somebody else. And there's many, many like this around, very competent people as long as someone up here is watching out what they're doing. But you give them the responsibility and they can't cut it. That applies to bankers as well. Sometimes we give. em a job of manager, and they just can't handle it. But that's human nature.

You know, you try to glamorize what you do in a job, like if it was banking or anything else. And I think if you're engaged in the business and you do it day in and day out, about the only satisfaction you get out of it, really, is that you enjoy meeting people. And you don't glamorize any part of it, I mean you just do it day to day as a job of helping people. And to try and pick out any one or two or three things and say, "Well, I made it possible for that guy to do this," or, "made it possible for this fellow to do something else"—you don't remember those things because there are so many, many people that you lend day after day after year after year, that pay their debts back and go along and make a nice living and develop a business into a point where they retire. And yes, you look back at some of those things, but to remember a lot of them—I don't remember them. I can name a few of them, would borrow a few dollars to start out in a business and over the years maybe borrow a little more and a little more, and finally retire, and sold their business and did very well. I've got other people who have borrowed over the years and have never grown any place, because they lived it up as they went along. They had no desire to accumulate any particular net worth and so their business stayed on the level that—it would probably always stay there. And there's no criticism on this. This is a matter of a person's own desire. But you help them. And, as I say, some of them you can point and say, "Well, gee, I can remember that fellow when he only borrowed a thousand dollars and now he can come in and write his check for a 100,000, you see." But there're not many of them. There's only a few of them.

And there' s a lot of the older people who were pretty conservative, you know, in expanding. They didn't borrow money to expand, they earned it, and then if they earned it, why, then they expanded. And they just didn't want to borrow money. I'm talking about the older generation. There were very few of those people—not few, but quite a few of them that just didn't want to borrow.

I remember the old Model Dairy, Wallace Brooks, didn't have a credit account in town. Paid cash for everything he bought. And he went in one day to the hardware store and didn't have any money and he just said, "Well, charge it to the Model Dairy."

And the man said, "Charge it? You have no account here!"

He didn't have established credit in the community at all. So he immediately got himself charge accounts all around town so they'd know. Here's a man who spent hundreds of dollars with this one firm, they didn't even know him, you see.

I don't think you can differentiate in many ways [historically] between 1930 and 1970. We grow with the times, we adjust to the times, but to try and make any difference in the bank business between 30 and 70, no. There were different policies, but your basics are always there. And you're dealing with people, and it's all relative. I mean a hundred-dollar loan to the little guy down here working in the shoe store is just as big to him as the ten thousand-dollar loan to the fellow over here running the grocery store, you know—it's all relative.

In loans before inflation, a ten thousand-dollar loan in the 30s was a pretty good-size loan. And now, I guess, we're talking about fifty thousand-dollar loans just as easy as we did about tens in those days. It's all somewhat relative. And this is the only difference I can see between the '30s and the '70s, is the fact that it takes more money to do business because your dollar has less purchasing power.

Well, Carl Wente had a long background of banking. He was an experienced banker. Had been with a larger bank in Oakland and when Transamerica bought the bank, First National Bank, Mr. Wente was sent here to get it off the ground and establish, you might say, a new direction for a bank that had previously been just an independent bank, family bank, you might say. With the needs of the state, Carl Wente—I don't think they could have picked a better man to come in here and analyze, because of his background in branching-banking system. And he was an aggressive, and in my book, a very experienced and competent banker. Much proof later, of course, in the Bank of America. When. he left, Bill Hopper came here.

Bill Hopper's background had been largely in the agricultural loaning field. He also had had a long background; in fact he and Carl Wente ware vary close friends. And, I say I'm sure, it was on Mr. Wente's recommendation that Mr. Hopper came here.

He was a very kind individual. At that point when he came to Nevada, the growth of the bank really started or really took off. And Bill Hopper was able to establish branches around the state as they were needed, where they were needed. I think he was a more conservative banker by far, than Mr. Wente. I don't think he was quite as aggressive as Carl Wente, but he grew into the community. He was very well, highly respected in Reno, as was Carl Wente. But Carl had only been here a comparatively short time, where Bill Hopper had lived here for many years and was involved in not so many civic activities, some, but he wanted his people that were working for him to be involved and wanted them to get out and do things.

I guess I got some encouragement from him in getting active in the Chamber of Commerce, for example, and things of this type, Rotary Club. And I think I always considered Bill Hopper as one of my very dear friends. He was always a gentleman under any circumstances. I never saw him really mad at anybody, very kind person.

He was married to Alameda Hopper and they had one boy, Robert, who was with the Bethlehem Steel Company. And so when he retired, his wife, I'm sure, was the influencing factor, wanted to get down near their son in California. So they left Reno and went to California. I'm sorry that Bill didn't stay in Reno, because he had developed such a wide circle of friends here. And so highly regarded,

I think that he still could have contributed a lot to the community.

He's a very thoughtful person. The people that worked for him never had any problem as far as arguments, or anything of this kind. Very, very kind man. And he was a good man for the state. Because he did develop a lot of the branches during that period. See, he was up here about fourteen years, I guess; 38, 37 to 52. He retired in 52.

First National Bank of Nevada and Mature Career

Mr. Questa came in in 52, having been with the Bank of America a number of years. In fact, Mr. Questa spent several years in Thailand and China, in the Philippines, representative of the Bank of America. Ed was a very different, entirely different type than Bill Hopper, very quiet individual. Being single, why, he was able to get around the state a lot better than somebody who was married like Bill Hopper. And I think Ed developed an image of the bank, particularly in the gaming and resort area. And I think this is the period when the bank was more helpful to the gaming and resort industry. The fact is, Mr. Questa spent a large amount of time in Las Vegas with the resort people and made a number of loans to them down there during that period of his presidency.

We were talking about the middle 40s and 50s, and just as a matter of comparison—and we can do this fairly, good because, as I say, the First National Bank has about fifty percent of the banking business in the state. And on December 31, 51, the total deposits of the bank were roughly, a $135 million and on December 31, of 61 it had grown to $304 million, which is a little more than double during that period. Actually, just about $305 million for round figures. Now we look at 72, the end of the year, and the deposits of the First National Bank there were $726 million, which is another doubling—or a little better than doubling. Which pretty well indicates the growth and the activity in the state during the period of the 50s and 60s.

Now what the 70s will be is anybody's guess. It appears that the northern part of the state now is starting to have a higher percentage growth, at least, than they've had in some years. The fact, as you know, the problems that we're having in zoning and trying to control the growth here now, by reason of water and environment and other things of this nature. But I don't think there's any way to stop the growth. The climate here and the general attitude of the people, I think, is attracting more, particularly during this development of the freeport warehousing—bringing so many outside firms into the community. There are several projects in the offing at the present time. I've heard reports of two million square feet of warehousing for this year. And others say it will be even greater. They're trying to develop the world trade center here. I don't know how far this is going to get, but we're working on it. And there's a good possibility that there will be a world trade center here in connection with the freeport and the warehousing for export and import business. So I don't think that the 70s—let's not sell it short, because I really feel that the particularly northern part of the state, there's going to be some growth.

And then Las Vegas is talking about seven or eight thousand new hotel rooms down there for this next year or two. So they're going to have a tremendous growth, too. I wouldn't be surprised to see another doubling of the resources and possibly the population in the next ten years.

Now I did have the population figures for this similar period. See, 110,000 in

1940; 160,000 in 1950; 285,000 in 1960; and in 1970, I think it was 481,000—say roughly 500,000. We haven't quite doubled in population during these same periods that we've talked about bank resources. But it's a fair comparison. So if you had a growth of say 200,000 people during the 60 and 70 period, it was only 125,000 in the 50 to 60 period. Now if you look at the same rate of growth in the 70s, we should have another 250,000 population. That's my guess. But I mean the projection shows it and I can't see anything that's going to slow it down.

I think the political influence in the state during the 50s had some bearing certainly on the stability of the gambling business. The control of gambling, the laws that regulate gambling, most of them came in during that period. We did have some prior to that time, but I think we really got down to earth in the 50s. And of course, we followed that policy pretty well through. The corporate ownership of gambling, of course, is under consideration now, as you know, where outside corporations or corporations can have gambling interests in Nevada, which was prohibited up to this time. This may or may not be a good thing. I don't know what the effect would have on that. But certainly there are going to be more hotels built in Reno. We have two or three under construction, as you know, now, and I wouldn't be a bit surprised to see one of the major chains come in here in the next two years with another four or five hundred rooms at least, and maybe more. I had hoped there would be several four- or five-hundred-room hotels built here in the next five years.

The survey made by Reno-vation indicated there was a need for at least five hundred hotel rooms per year for the next five years. And this report was made three or four years ago now, and we haven't quite done that well. So I think there's catching up to be done up here. So I say, in Las Vegas with 8,000 new rooms down there just doesn't sound reasonable but nevertheless that's the indication. The demand for accommodations down there by reason of the resort type of industry they have developed, which has been emphasized and advertised is widely accepted now. But in the northern part of the state, things have been more conservative in this area, trying to diversify their industry a little more and not become quite so dependent upon the tourist industry. Whether this has been good or not is subject to discussion, I guess. But it was felt that we should have something besides just gambling and a tourist industry in northern Nevada.

That was one reason the freeport warehousing bill was initiated, to try and get some type of oh, so-called *clean* business in the state. Not heavy manufacturing, things that would not pollute the atmosphere, and would provide some employment and, of course, increase the tax base by reason of the number of buildings that were being constructed to take care of the warehousing.

Now, of course, the Chamber of Commerce and others are trying to develop this into a vacation area by tying in with the Lake Tahoe area, Virginia City and all the surrounding area. Trying to make it a package; rather than just Reno, why, sell the area. In fact, tie in with San Francisco more in the West. When visitors come to San Francisco, encourage them to come to Reno. This has been going on in the southern part of the state for quite some years with Los Angeles and Las Vegas. And there's no reason why that can't be done here. But of course, they are now trying to attract more people from western Canada; a number of visitors come here each weekend or regularly from Canada now. And then, of course, we're looking across the ocean with Japan. There again, you'd be amazed—some

travelers, they're every place now, we should get some of that business here, too.

Well, that's just some of the indication of what's trying to be done for the 70s. And, as I say, I can't see why we shouldn't gain at least 250,000 people in the state, an the next ten years.

[Going back to this decade of the 50s, now], I don't think there is anything particularly outstanding during that period. There were no particular changes in regulations and rules allowing or developing additional loans. But I think probably the bank became a little more involved in financing the resort industry. I think prior to the 50s, the bank had pretty much of a hands-off policy as far as developing or financing anything relating to gaming. There were some nominal loans made to construct hotels, but generally it was done by outside financing.

In the 60s, this was changed somewhat by change in policy with the bank. Mr. Questa really is responsible for this. When he came into the bank as president, he took a different view of the gambling and the gaming industry, and I would say the bank became rather heavily involved during that ten-year period, in financing the gaming and resort industry, particularly in the southern part of the state, as well as the north, too. But we had very little here at that time, about three clubs, and Las Vegas was developing one almost—every few months, you know, a new one was coming. But this growth down there, at that time, was supported pretty heavily by the bank through Mr. Questa.

Now we're in the 70s and we're still somewhat involved, not quite as heavily percentage-wise as we were in the 60s. Although you've read of the substantial backing the bank gave to Harrah's Club, for example, and other clubs in the southern part of the state, as well as helping some of the ones in the northern part of the state. So the bank is involved more heavily now in the resort industry than we had been prior to the 50s.

[Did I support that?] Well, I wasn't in the decision-making group at that time, in the 50s. In the 60s, then I became a little more involved. Although, as I say, Mr. Questa really was the one that handled the gaming end of the banking policies, although the detail work and some of the negotiations were carried on by others, including myself. But after all, he was the president of the bank, establishing the policy as to what type of loans, how much, and terms, and so forth. So it made it possible to do this type of lending activity. In the 60s, the policy was carried on somewhat, although probably not quite as aggressively as it was in the 50s, when Mr. Questa was in the presidency.

See, I came in in 1962 til 68—about six years in there—and, of course, we carried on pretty much. the policy that had been established during the prior administration. But as far as any innovation at that particular time, I think we devoted a little more energy in the installment loan field at that time, trying to update it and bring it into line. But the general policy of the bank remained about the same; there wasn't any great change at that time.

Trying to keep up with. the growth of the state was one of our main problems. Trying to keep the capital of the bank up to take care of the new volume of business being done. Because as your deposits grow, your capital has to grow as well. And, of course, your main idea is to still run a profitable bank and not have too many losses.

We had a leveling-off period, if you'll recall. I think it was about 66 or 67, when Las Vegas was overbuilt with a number of apartments, houses—it was just actually overbuilt tremendously in the southern part

of the state. And this did create somewhat of a leveling-off for about two years in construction down there. I think perhaps some got a little overly optimistic, which is one of the problems you have in financial institutions, not to get carried away with the potential that's higher than can be achieved.

I know the building and loans did have a problem in Las Vegas, real serious problems, and they're still working out some of these problems [that] occurred back there, when the overbuilt situation occurred. And this is always a concern to anybody or any financial group that, if a group as large as the savings and loan industry becomes involved, it involves all the financial institutions of the state. Because then if you're overbuilt, why then you'll not build more, and of course, you draw back somewhat in your financing of homes and apartments and things like this, because you overbuilt in the previous period.

These things affect banks as much. as anything else, trying to watch the ups and downs of your economy, to try and not overbuild and yet on the other hand, be realistic in encouraging building up to the point that's needed. And these are decisions that are made from day to day. Probably one of the more important decisions you can make is trying to keep from getting into an overbuilt situation. This creates big problems, when you have to stop construction and this throws people out of work and creates problems for those who are trying to sell properties. And the finance company finally winds up owning too much property. And this has happened over the years. There are peaks and valleys. It's one of the things you have to be in touch with all the tune to be sure that you don't get yourself in a jam by overbuilding in the community.

[How can we tell when we're approaching this point?] Well, mostly through surveys. You have a number of sources through your builders associations, observations in your community, the trend of sales in your communities. This is probably one of the more important things you do, is to see that you're not overbuilding. And we do this by survey. Your power company, your telephone company on phone connections, power connections, what have you, indicate pretty well the growth in the community. This is after the fact, however, because the house has to be built before you put in an electric connection. But you can determine pretty well from time to time the inventory of unsold houses, the vacancy rates; these can be obtained by research. The bank is continually researching the whole area.

It's important to keep up with the prices of livestock, for example. Presently the livestock people are doing very well, but there are other periods when prices are down and they have a hard time. But this is all part of the banking business, trying to keep informed as to prices and rates of growth and vacancy rates, and all this type of information.

You can lead sometimes into getting a community into trouble if you over-finance too many projects. Too many hotels, for example, could even create a problem, vacancy rates would go up. As I said, right now we're optimistic about the future of the hotel business in the state and we feel that more are needed. And the bank wouldn't hesitate to finance. But there are other periods when you would say, "Well, if your vacancy rates in these hotels are running fifty percent why, you don't need more," you see. You have to be informed, you have to know, make a survey before—in fact, the intelligent borrower would make a research of your community, too, before he would put his money on the line to build a new motel or hotel, or any other type of business. You have to determine your vacancy rates and your demands.

[Did the financial institutions contribute to overbuilding in Las Vegas?] I don't think the *banks* did, because we didn't wind up with foreclosures and unsold inventories. But the savings and loans did. They had just too many. No, we've been fortunate over the years not to wind up with foreclosures on too many properties; we've had to take some, of course. Sometimes on apartments, because we perhaps let one or two build ahead of time. A couple of years later, why, you catch up and you're all right again. But oh, yes, banks aren't infallible, but they try to watch the market as well as they can. We've never been caught on housing, because we've been pretty careful about surveys and locations and type of construction, and contractors, reliable people, and things like this. We try to watch that pretty carefully.

[Did Mr. Questa do a good job with that, or was he too involved with the gaming and resort industry?] Well, no, I wouldn't think he was too involved in that. You see, banking is not a one-man operation; it's a team work and each one handles their own particular field of credit and if your delinquency rates are bad, why, of course, this still comes up to the administrative level. And you, of course, run a bank as a team. You have to have a director, you have to have a leader, and you have to have one set the policy. But once this policy is established, particularly in a larger bank, you have various departments and various types of lending handled by (you hope) specialists in that particular field. This livestock, we have competent appraisers, and if it's on real estate again, we have different groups of appraisers and surveys are made to determine. But the overall policies are set by the president and the board of directors, of course.

[How did I go about making a decision on a real estate loan, for a housing project or a hotel? When it was my problem to set the policy?] Well, as I say, the first thing of course, was the survey and the need of the project. Secondly, then, is the responsibility of the person that's backing the project, and then thirdly is the values of the property and the contractor that's going to build it, the availability of financing. Many times larger projects were beyond the limit of the bank and this meant finding participations or in many cases, just interim financing with a take-out by an insurance company. But the survey—there's a lot of steps in building anything, your review of the plans and the evaluation of the plans and location. These are all done by appraisers that are specialists in that field. They've been trained in it. Reports are finally brought back to the loan administrators, the person that's making the loan, and the final decision is usually made through the finance committee. That's if it's over the limit. Now, of course, you take a small loan why, every branch manager can make loans in smaller amounts depending upon the size of the branch, the limits might run as high as $100,000 at the larger branches. Beyond that, they come into the loan administration department for well, limits there can vary. And then, of course, finally would come to the loan committee. So there are three or four steps, really, depending upon the size of the loan. And on these loans, of course, are reported to the directors, they have an executive committee there, too. But most of the loans are handled by the branch managers themselves, practically all of them. And depending upon the size, how many layers of approval you have to have and how' much surveying and technical work has to be done.

[One of the features of the 1950s, as far as FNB is concerned is the proliferation of branches in town.] Well, in 1950, there were only three branches in the Reno area. I would

have to say that your branches were built as your community grows. And if your demand is there for banking accommodations, why, of course, they were made available. In the ten years between 1950 and 1960, we added, I think, two branches in Reno, and one in Sparks in that period, less than ten years. In Las Vegas though, I think we added four branches. We only had two in 1951, and in 1961, there were well, just actually one full branch in this ten-year period. But between the 60s and the 70s, well, it was just felt that we needed more branches to serve the community. So we did build more in the 70s than we did in the 50s or 60s.

[How do we determine the need for a more or less neighborhood branch?] Well, first things again, we get back to the surveys and find out whether there's enough people and enough business in the area to support a branch. And this has been done in every case; every branch that has been built here has been determined through a survey. The growth of the community, the number of houses in the area, the number of businesses in the area. We find out how many deposits are say, in the branch downtown that would probably go out to the branch out there, whether it would make it pay. And this is always done. And we've, in many cases, well, in several cases, kind of underguessed or underestimated the demand.

For instance, South Virginia is a good example. Number one, if you remember, only half of the branch was used when we started. We figured the other part could be rented out for five years. Well, at the end of two years, we had to take it over, take the whole building. And subsequently, we added onto it. The same thing with Keystone. We figured we'd rent one half of that branch for four or five years; we never did rent it because by the time we opened it the demand was there.

Right now, Sun Valley, there's been a survey made out in Sun Valley, the number of people out there. There's no bank out there in the area, so it's been decided a branch. will go out there. This is always done. We just don't take a location and put a branch there because we feel it's a nice location or a nice corner. We do it by reason of demand. This is customary. Standard Oil Company doesn't put a service station on the corner until they know the amount of traffic goes by it. And so we follow the sane procedure in determining whether the demand is there. And this is the reason we recently went on Peckham Lane, as you know. These are all surveyed prior to the time that any branch had been in there.

We anticipate that a branch should start making money within two or three years. Now many of these branches won't make money the first day they're put up, of course, because the business has to develop and the transfer of people. People in banking are— I don't like to say peculiar, that's not the word to use, but they have a loyalty for a branch that they're doing business in. And there might be one right across the street from their house and they still come downtown where they've been doing business because they know the people involved. You don't ask people to move, we just put the branch there because it's more convenient for then. We don't ask them to go there because the branch is there. But you'd be surprised at how many people have a branch within two or three blocks of their house, or two or three blocks from their business, still come across town to do business with somebody they know or some branch where they've been for a number of years. And eventually, newcomers will build up your branch. And, of course, there are changes in ownership and a lot of other things that happen. But people just don't move, they don't like to move, they've got a good contact there,

and they like to keep it. But you still have the growth of the community. If you anticipate a growth occurring in some area, you might establish a branch at the time, maybe a year or two prematurely, knowing that the growth is going to come there. And it's all done by survey, by study of the community and the growth, the rate of growth in your community.

I think we probably built more branches in the 60s than we did at any tine, largely because I think we had lagged a little bit in the 50s on new branches. I think we could have stood a few more in Las Vegas, for example, during that rapid growth period they had. And then during the 60s we did establish several new branches down there. And of course, in Sparks, we put a new one out there. And then around the rest of the state, there wasn't a great deal of activity during that period in the 60s.

I'll repeat this. The First National Bank of Elko was acquired in October of 36; Mason Valley Bank in Yerington in May of 37; First State Bank in Las Vegas in December, 37; Farmers and Merchants Bank in Eureka, 1945; The Farmers Bank of Carson Valley in Minden was in 1954; the First National Bank of Lovelock in December of 1955. I can't recall when the number of branches were established around the state, but I'm sure in the 60s, we did establish quite a few.

I think we had twenty-two branches at the end of 1961. In 68 we had 31 branches; and then in 1970, there were four new branches established; in 1971, two; 1972, I think we added two branches. Let's see, Peckham Lane and one in Las Vegas, the Mohave branch. In the 60s, we actually added six new branches. This is largely due, as I said, to demand and the growth of the areas we were serving.

In the state of Nevada, I don't believe we've had the type of competition between banks that is prevalent, perhaps, in other locations. Banking is a regulated industry, both by the state and the national Comptroller of the Currency. State banks being under the rules and regulations adopted by the state government, and, of course, the national banks by the laws of the United States. We have certain limitations as to interest rates paid on deposits; interest rates on the loans are pretty much regulated, particularly on the federal FHA loans, things of this type. So the competitive situation, as far as rates is concerned, is somewhat restricted. The same thing is true on. a savings account. From time to time, the maximum amount that can be paid to savings depositors is limited by law. Same thing is on certificates of deposit. I think the main competition between banks is the type of service they give customers. There is some rate differential, of course, between the different banks and we all try to come up with different ideas as to how to make deposits more attractive. Sometimes coming up with a new idea on certificates that run for two years, for example, or savings accounts that pay interest, quarterly interest on savings accounts; it used to be semi-annual. And if one does, then others do and as a result, why, the competitive advantage between banks is somewhat limited in that respect. The main competition is through the ingenuity or the willingness of the bank to serve its customers with the types of services that they want. I mean checks are the same, really, in banks. Some have different rates for service charges, as you know. One of the competitors advertises no service charge with a hundred-dollar balance. Well, the First National Bank has never done this. We feel that the customer that uses more checks should pay probably more than the one who uses few checks.

But there are so many different plans that have been initiated. The biggest one, of course, that came in was the credit card, like the Master Charge or Bankamericard. And this did, of course, for awhile, give a competitive advantage for banks that initiated this program. Now of course, practically all banks have them. Bankamericard or Master Charge, I think they're probably the leaders now in credit card usage. Master Charge is a much newer card than the Bankamericard. But they've been aggressive in developing it all through the country and so I'm quite sure they're getting up there pretty fast.

I think it's more of initiating—well, your advertising has something to do, I would expect. I would hope it does. Listen to those silly ads we have nowadays, I wonder sometimes [laughs]! But we all have advertising and we all try to promote. And by largely through advertising and personal service to the people, and training your tellers and others to be courteous to people, because, after all, the same kind of money comes out of every bank. And we like to think that we're giving better service through the number of branches that are established in the community, for convenience. This does have something to do with the growth of your bank, convenience, regardless of what r told you about the loyalty—some people just don't want to move. But on the other hand, if a branch is established in an area, the newcomers in that area are very likely to use that branch for their banking. So this is one of the competitive things that banks do. Try to give better service to the customers, and I'm sure that this is the main factor in competition.

[Have I ever felt that any of the competitors were doing anything unethical?] No, I don't like to call anything unethical because after all, they can't be unethical. But sometimes I'm disturbed about giveaway programs. I don't think they belong in the banking or actually the savings and loan business. I don't think they belong there. The giveaways I think are leaders to—I just wouldn't go for them myself at any time in the bank. This is the only thing that I really don't agree with. I don't think we have to do that to serve the community.

[What about trust services?] I think, that the advantage we probably have in our trust department is the fact that it's so big. And we're able to hire so many people that can specialize in particular types of trust work. I think this is where we have the advantage. And we have a very large department. I don't know how many people are employed there now, but the growth in our trust department has been just fantastic, really, in the last fifteen, twenty years.

Trust departments are very- slow growing part of your banking business. It takes a lot of time and a lot of work and you have to get the personnel that knows what they are doing because it's a technical type of work. But I feel that our trust department is way out ahead of any others by reason of growth and size and that we have the specialists in the various types of trust work. We even established one out in Elko. That's a new addition to our services in the northern part of the state. But our trust administration, overall administration, is handled out of Reno. Mr. Bigelow is the executive in charge of the trust department statewide, Elmer Vacchina handles the trust department in Las Vegas, and Mr. [L. J.] McGee in Reno. But the overall department is under the management of Mr. Bigelow.

That's what I was talking about. When your bank gets large enough, you departmentalize and try to get specialists in those particular

departments who can do the best job. And this is one advantage a larger bank does have, although I don't think the public always appreciates that. I think they deal more on a basis of, well, I know somebody and that's why I do business there. No criticism on this at all, but I mean it's just a fact of life. People deal where they know someone, or where they are treated courteously. This points up to one thing that we always feel, that a courteous person and one who tried hard really does better sometimes than the one with all of the brains.

We have occasions unfortunately where another bank will be more realistic perhaps in granting a loan, maybe will be willing to make a higher percentage of loan, may be willing to make a lower interest rate, longer terms than another bank. And we find that this does occur from time to time; perhaps we make some that are more realistic than other banks are willing to make. We don't know. It's a matter of establishing, following your established policies within the limits that you feel are good banking business. And if some other institution wants to make a more liberal one, why, they'll have to make it. And we do lose some that way, of course. Banks all try to be realistic in their rates and the type of service they give people. But they can't be perfect, of course, and we don't always see eye to eye on values or the type of collateral you want to take, or type of borrower you want to lend to. These things are all taken into consideration. Never criticize another bank for making a loan to someone that you turned down, because they may have some information that's better than what you have. And sometimes they make mistakes, like we do.

[How about some of the banks that do get into trouble?] No, I don't think any of our—well, *trouble* is kind of a bad word to use sometimes, because it would indicate the weakness in the banking structures itself. That is, its capital was impaired, or things of this type. I believe that one did probably get into a little trouble through an over-liberal lending policy, particularly in the livestock industry. And this gets back to the same old thing that happened in the 30s. If you want to finance a man that is just touch-and-go in his operation and have a permanent loan with him over a number of years, you sometimes get caught in the middle. And this can happen. If you become overly liberal in any line of credit—and I think this did occur—I'm sure that it's coming out all right, but it did cause them headaches and this, I think, was largely due to a top management in the bank, perhaps establishing a too liberal policy. I'm sure it will be all right now, though.

There was too many things going on in the institution there for several years. It disturbed the confidence, not only of their employees, but many people as well. But it was largely due to a top management, over-liberal policy, particularly in the livestock end of it. And then of course, they did make some bad real estate loans, a few of them, but not being a large bank, of course, a few large losses really do hurt. But they're adjusting; it will come out all right. They've got a good manager now and I'm sure that he can do a good job.

We've been fortunate, really, in not having things occur too badly, outside of the savings and loans industry in Las Vegas. This is the really only bad financial problems we've had as far as financial institutions for many, many years. And I think they'll make it now. At least it looks like they're hanging on long enough to pull out and get rid of the, well, they've gotten rid of most of the real estate they had to acquire, this is mostly housing. It's a sad thing, you know, when a subdivision goes bad on you and you cant t sell em, you've got

to still maintain em during the period they're sitting on the lots. And vandalism is just unbelievable. And on top of that, the lawns dry up, and the property deteriorates; it costs a lot of money to put them back in shape to sell. So once you get hold of a bad one, the bad things never seem to end on em.

This is, as I say, the importance of making surveys that are realistic in a community or in an industry before you get carried away and into financing any particular group or industry during these periods.

[Have I felt that a bank in trouble, even not one of our own, would reflect on the entire industry or cause a lack of confidence in the rest of the industry?] Oh, I don't think that the general public really pays much attention to the difficulties, unless something very serious would happen. I don't think that the general public—of course, they're all insured, as you know, now up to $20,000 and this is what the public looks at, generally, now. In fact, I don't think they look at the size of the bank any more, as to whether it's got large capital or large resources. I think they look more at the insurance that they have on their deposits. In the old days, of course, before deposits were insured, you had to look at the bank that had the more substantial capital. Maybe the more attractive buildings had an impression on people, too, but it didn't mean that the bank was any safer!

I think under our present regulations and policies of the banks generally, I don't think you'll see any problems. I think the older bankers will learn a lot of lessons from the past, you know. And you like to lend out as much as you can safely; percentage-wise you try to keep it within reasonable bounds. And I think this is generally what banks are doing today, sixty to sixty-five percent of their deposits are loaned out. Of course in the East, the banks loan higher percentages.

One of the reasons—I suppose one of the reasons— that we talk about percentages out here is because we still secure all public deposits. And your large New York banks really don't have the high percentage of public deposits that your western banks do. But all public deposits are secured by a pledge of collateral bonds or securities of some type. This has been required for many years. There is some indication that there will be an effort to eliminate the security for public deposits. This would release quite a bit of money in the lending activity. So the banks will make more loans based on their capital and the amount of deposits they have available. So it would increase the amount of loans that could be made. Whether this will occur shortly, I don't know. There has been discussion on it.

[During the 1950s, we had a new sales tax, we had a big building program in school construction, we had the forced equalization of property assessment.] I don't know just how to explain that. We never seem to satisfy all the demands of the communities, the state, or University, or any institutions that were in existence. So it's always a never-ending problem of trying to raise more money some way or other to take care of them. And of course, we're somewhat unique in this state by reason of the large amount of gambling taxes that are collected. And I don't think most people really fully appreciate how much effect it does have on the financial picture in the state. It is a substantial amount of money. Our sales tax, of course, is an additional source and it does make it possible to fund the University at the figure we're funding it. And also the educational system.

Our five-dollar constitutional limit has been somewhat of a barrier in financing, with the acceptance of bonds issued by the state or by the communities, yet on the other hand, it has somewhat limited the amount of

securities that have been issued and maybe this is a good thing. Your bond houses, I think, in some cases, would prefer to see a tax rate that was perhaps adjustable, rather than have it fixed to the five-dollar limit. Now, of course, many of em are getting around this by issuing revenue bonds. There is some question in my mind as to whether or not these are within the five-dollar limit. But this is becoming a source of financing that wasn't used before. For instance, some of the University buildings are financed under revenue bonds, the housing. And this means that they're actually asking all freshmen to live in these houses, I remember, in order to be sure that they get enough income to satisfy these bonds. So this is a source they've been using, has been used. We've had various kinds of revenue bonds. I'm not entirely sure of the best way, but they are means of getting additional financing, by reason of this five-dollar limit.

I think Incline village was based on a revenue bond issue. Some of their improvements up there, I'm sure, were on revenue bonds. And they've been used for industrial complexes; Carson City had one out there based on a bond issue, based on revenue. Sometimes they try to finance golf courses through revenue bonds, feeling that the fees will pay off the bonds. Well, it's got to come from some source, but you talk about revenue- bonds being self-supporting rather than coming from under the taxable authority of the communities.

But I don't know, I'm inclined to think sometimes that maybe the five-dollar limit does have some advantage because it does hold down the energies of some of the subdivisions to get more money. And yet, on the other hand, when we did establish the thirty-five percent of real value as the assessed value, this did raise additional taxes, too, as you know. I don't know that this is entirely a fair tax, because we anticipate that values, for instance, on the property between Second and Commercial Row, when they raised it to $135 a square foot, or something. Sounded like Manhattan prices to me, you see. I think that they were really too high and yet it's gone to the tax commission, and as r believe, they just cut it a very nominal amount.

The gambling business being unusual and paying high prices for the best locations, have created a problem in all values in the downtown area, really. Some of em are not realistic. If you tried to make a return on your investment in the real estate on a building on the property, unless you go to a high-rise building—. So it almost forces any building downtown now to be in a high-rise shape. In other words, take where Hilp's drugstore was burned; it's a small lot and yet the values are pretty high. on that piece of property. And then, they're only going to be able to build a two-story building, I believe, in there because it's not large enough to take a higher building. In order to put high-rises, you have to develop a lot of property around you. And if you try to deal with eight or nine different owners in order to get a piece of property big enough, it creates a lot of problems. So there are some values that I think that probably are a little higher than they should be, particularly in small locations of that type. But it's been surveyed and I guess we'll just have to face up to these values that have been established in downtown, anyway.

This thirty-five percent, though, is somewhat again, a limiting factor in the amount of taxes people expect to pay. Some of the problems with taxation, of course, are those that are making a home out of their property. And by reason of these higher assessed values from year to year forces many of them to sell and move into different locations, apartment houses, something of

this kind where they just would prefer to stay in their home. And in two or three cases, even in condemnation for the freeway, where these people were dislocated. Growth does create problems, you know, in many areas.

But compared to other adjoining states, I think the taxes on the average house are pretty reasonable. Compared with California or Oregon, Washington, I think we've been fairly fortunate. And part of this is due to the five-dollar limit, no question about it.

Now, we're talking about having an inheritance tax on estates, only to the extent that it could be credited against the federal tax. But there's always been a feeling that we just didn't want any additional taxes in Nevada, regardless of whether or not it cost the taxpayer anything. This has been objected to for many, many years as a source of income. I wouldn't be surprised that this would be passed, maybe not this time, but it's going to come someday because we're so hungry for money. And we just have to have the source of funds to take care of the expanded—well, the University system alone needs a tremendous amount of money, plus all the other services.

[There's] welfare, and additional employees for all the public offices are expanding. You have to take care of everybody on legal matters now. This is getting to be a rather extensive, expensive operation. I think there are seven or eight people in that department now, in Washoe County. They told me the other day, it's largely in drugs. They represent these young people that are picked up for drugs and represent them in court, so that they can have a fair trial. Most of them don't have any money so it's a service that's needed, but it's expanding all the time.

[In supporting or opposing legislation], if you spoke from the banking standpoint itself, this was generally done at the president level. In other words, we couldn't have twenty different branch managers or officers expressing views on any matter involving things as important as taxes, or many other types of legislation that comes up from time to time. So generally any comment to the legislature itself, would come from the upper level. Otherwise, we'd be so confused—everybody—because we all have different ideas, and if it's going to be a statement on behalf of the bank why, it would have to be, as I say, at the executive level.

We've been asked many times to have people testify in regard to legislation at the state level. And we've generally chosen one or two people in the bank that do the speaking for the bank, and assign them the job of keeping up with the legislation occurring. If anything of importance comes up, it's referred to the president or directors or whatever, or appropriate place. But we generally had one person just follow legislation. And if it was' a matter of appearing, we took the one that was most familiar with the problem.

For instance, if it was interest rates on installment loans we took the head of our installment loan department. If it had to do with real estate taxes or something of a broader nature, then it would generally be the executive vice president of the bank, generally the cashier of the bank because he would be familiar with it, the effect on the bank's tax structure, and would be able to explain the bank's views. The banks, as you know, are taxed a little different from any other type of business because we are taxed on the capital stock. And then we get a credit for the real estate taxes against that amount. But to give us organization, as I say, if it affected the bank on its own taxes, it was generally the cashier of the bank.

Well, when I first came into the administrative department, it was as coordinator of administration. And this was

a job outline, really, of all the departments of the bank, including loan administration, trusts, and all of the departments of the bank. And, as I say, at that time I was coordinator of administration. I was in that position for about a year and then I got another title, assistant to the president, which was under Mr. Questa' s direction—assignments that he wanted me to take to relieve some of his responsibilities. And this was only a relatively short time, than I moved in as head of what we called the loan production department, which was the overseeing of the loan activities of the bank. And this was the job that I had at the time Mr. Questa was killed.

But all of these various moves I made in the administrative department were very challenging because they were a new field for me. My jobs had previously been in the branch area where I was responsible for a particular branch. And it was a matter of getting assistants in the departments, various departments. We had very qualified loan administrators, including Gene Wait, was also an executive vice president of the bank, and then later Mr. Ward, who was a former bank examiner—Lou Ward. He left our bank to go to establish a bank in Sacramento. And then Mr. Wait went to the United California Bank, where he had a little better opportunity because as long as Mr. Questa was president, (they were both the same age), it was not likely he would ever succeed him. And not knowing, of course, the tragic death in 62. But, any rate, then this threw the thing on my shoulders, as you can see, without any warning whatever, without any basic training for that particular position. But having had a pretty general knowledge of banking, and having been in it for, let's see, thirty years at that time even, it wasn't as difficult as it might seem. Excepting trying to reorganize, you might say, and get a new look at your banking procedures, and try to keep pace with the changes. It's not easy in a period of three weeks. It takes about a year for you to get your feet on the ground when you get into something of this kind. I don't mean by that that the bank stopped operating, because we had an established policy that we continued as always.

I don't think that there was any great problem at that time because I did have some very competent people in their various positions at the bank. Mr. Bert Fitz was icy right arm during this period, as an executive vice president. He was really the overseer of the operations of the bank. I'm talking about the day to day operations now and actually, he was directly responsible for the functioning of the various departments of the bank. I think when you're president of an organization, your ability to delegate is probably more important than trying to do everything on your own. And you depend upon people for surveys and information that pretty well determines what your future plans are going to be.

During that period of six years [1962-1968], the bank, of course, continued to grow. But I believe that about 1966, we did have a leveling period in the growth of the bank. I think it was largely due to the overbuilt situation occurring in Las Vegas, when we built too many apartments and too many houses—and we did have a slight overbuilt situation in the Reno area. I can't remember the date the Stead Air Force Base was phased out, but this did have an effect on Reno economy because there were about 3,000 people involved at the time the Stead Air Force Base was closed. And this meant then that you did have a little overbuilt situation in homes, apartments, and what have you. But we're unique in this state because it doesn't take long to adjust to one of these short periods of, you might say *recession* because

of the continued growth and pretty constant growth.

We've always figured somewhat conservatively on the northern part of the state at about a six percent annual growth rate. And of course, the southern part of the state has had a higher growth rate than the northern part because, as you know, we now have half our population in southern Nevada. So it's a matter of keeping up with this growth that I think is our main problem in banking, is try to provide the facilities that are needed in the community; as your communities expand, more branches and more services to the public. Because we are bringing banking, in these days, to the people rather than having to bring the people to the bank. And they get the same service in the smallest branch as they would in the largest branch.

[As I] explained before, each branch manager has a lending limit and is responsible for his branch. If the branch lending limit is exceeded, he has a contact man in the administration to approve loans for him promptly, and then if he has a larger loan why then, of course, it goes to the finance committee. So you have three steps to take care of loans based on their size and complexity. There's someone always available to counsel with the new branch manager, so that he can still take care of his customers. This is one of our important parts of our training program, it's continued all the time.

[Going back to this period when I was coordinator of administration, what would a typical day be like?] Well, I don't know how to put a typical day—. I suppose a typical day, you come to work at 8:30 in the morning and go home at 5:30 in the afternoon. But it's a matter of reviewing the operations. It's not a one-day operation; you do it over a period of time. And your obligation or duty at that point is, at least, to see that your various departments are functioning. That they're properly staffed with the trained people that are needed at the head of the departments. And this is the main responsibility in that position. Just to know that you have the competent people at the head of each department. And there are, of course, ten or fifteen departments, including personnel, which involves employee benefits and hiring practices, salary scales, and rating of positions in the bank. This is important to be fair to your employees.

And in your loan section, it's a matter of establishing policies from time to time as to whether we're loaned too heavy in real estate; for example, if we have too many real estate loans, we maybe have to take a look, to see if our policy's too liberal—I mean by that, reaching too hard for real estate loans rather than some other types of loans. You try to keep your portfolio balanced in a bank so that you don't have all of your eggs in one basket. And there used to be an established rule in the national banks, at least, that not over sixty percent of your savings accounts could be invested in real estate loans. Whether this is still in effect I can't tell you, but at least this was the guide line. If your real estate loans reached sixty percent of your savings, then you had to arrange for placing the excess loans with correspondent banks or other banks to accommodate your customers. But this was a guideline, at least, on your real estate loans. You don't want all of your loans long term categories because you have to have a turnover. So it's a matter of establishing your policies in the lending field, as to just how many, as I say, of various categories you want to invest your money in.

Also, it's a matter of an investment department to take care of the excess funds to see that they're continually invested. And then again you establish the policy as to whether you want five-year bonds or ten-year bonds or

fifteen-year bonds or twenty. And generally, at least when I was in there, the policy was to try to hold our maturities to around ten years maximum, so that we had a continual flow of maturing bonds. These policies change from time to time as conditions changed. And I think the bank now is perhaps going out to fifteen-year maturities on bonds; they may even go out to some twenty-year bonds. But, generally speaking, you have to have a balanced portfolio. And this is one of the functions of one of the departments.

As I say, when you're in a coordinating position the thing is to set these policies, or at least recommend policies that can be established for the bank. Now, these are changed, as I say, from time to time. No policy is so rigid that you can't make exceptions to it. But this is one of the duties and one of the interesting parts of being in this kind of position. You establish, your policies as to lending.

Then, of course, your surveys are continually made in the communities as to additional branches that are needed. This means having qualified people make these surveys, so that they're reliable. This is generally what you have in that kind of a position.

The policy, of course, is pretty well established by the board of directors and your president of your bank. Most of the policies made are not policies, but at least recommendations are made. And then the policies are decided by your board or by your chief executive officer of the bank, which is the president. So those in the executive position, for instance, in their advertising and promotion department, public relations department, a recommendation is made to what budget's to be adopted, for example, for that year. So this is acted upon by the board as to whether we want to spend 200,000 or 300,000 or 500,000, for your advertising and promotion budget. This is a recommendation that is made by the department following—well, it's a survey really, of what your competitors are doing, what type of advertising is most effective. And of course, it's developed that television is probably the major expenditure for advertising. This is a decision that is made by surveys and results of other surveys by other advertisers and advertising firms. And these are all recommendations that are made and finally adopted by your board.

As to direct decisions, day-to-day decisions, of course, you do follow through daily on whether people are following the procedures and policies that you have. But when it comes to a major change of policy, this is not made by any one individual. It's generally by what we call the managing committee, which was all of your senior officers of the bank, including your, well, from the president to the—in this case-coordinator of administration, your executive vice president in charge of lending, your public relations man, and your installment credit man. Then we even had one representative from one of the branches so that lie would bring in the feeling as to what decisions were made at the higher level that affected the branch level.

These meetings were held weekly. And discussions were held at that time as to what direction we should take in the various areas.

On top of that, we had a loan administration meeting every week, where all of the loans over say, 25- or 50,000 dollars were reviewed and approved. Those that didn't appear proper, we had to call in the manager, whoever made the loan, and have an explanation. This is responsibility of your loan administration, but you still had a finance committee, too. So there's a lot of committees in the bank.

There still are and they have to function that way because it's better to have the broader experience of several people than it is just to rely solely on one person. But day-to-day decisions on loans were, of course, made by the head of the loan department. And the same thing in the advertising department. As long as it was within the guidelines or policy of the bank why, the day-to-day decisions bad to be made as to whether an ad would be run here or there, or change the format. And these are the reasons why you have people in the various departments. But your overall policy was established principally by your managing committee, subject to approval by the board if it was any major expenditure or major change in direction. This is the general way a bank was operated. Your president, or chief executive officer has a lot of latitude, not necessarily seek the prior approval of the board, but certainly keep the board informed of any changes that might be made on a day-to-day basis.

[As assistant to the president], well, you're a good errand boy—[laughs] you don't influence policy too much, you're a good errand boy [laughs]. I mean, well, let's put it this way, if you have that position, then of course, you're involved with a number of day-to-day operations. And of course, you go to your president and tell him what you find out by your contacts. For instance, he might ask me to attend some convention or meeting in Chicago or New York, as a representative of the bank. Well, if you find the trend among other banks is taking a certain direction, then of course, you bring back the report and explain what their thinking is. Then of course, this may or may not affect the policy of our bank. You keep in touch with what other banks are doing around the country. This is the only reason for those kind of meetings really, is to get the feel of the economy nationwide. They have at least two or three of those a year.

Another organization is Robert Morris Associates, which is the association of bank credit men. And if you're in the lending activity why, of courser you attend this meeting each year, and sometimes two meetings—the regional and the national—where you bring information back as to really procedure in handling loans, not policy so much but procedures. How loans are followed up, and what collection methods are proving to be the best, also certain changes in legislation that might affect banking. And these reports, when you get back to town, why you discuss with the managing committee and give em your opinion of the meeting that was held and whether any changes should be considered here. That's just one function, mechanical running around, you might say.

I think the more interesting position, as far as I was concerned, was head of the loan administration department. Because then you are assuming a great deal of responsibility, so far as the lending policies of the bank. Also reports will always come to you through your loan committee, as you are the head of the committee. And then policy is established pretty well there as to just what types of loans you want to make, what terms you want to grant, interest rates, and all of the other ramifications of lending policy.

I suppose that if you just want to get an example of some kind of a situation that would develop into an approval of the loan administration, would be a contractor who wanted to develop a subdivision, for example. Then of course, this entails the survey of the needs of the community, if this involves 200 houses, for example. You've got to be sure that the need is in the community, for one thing. Then the branch manager is the one who does the initial contact with the

borrower or applicant. They get a survey and all the information they can together as to the responsibility of the contractor, for one thing, of course, the results of any surveys that might be made to show the need for this many houses in the community. We survey the location to see if that's a desirable location. Now, all this information then is brought to the head of the loan department. And then it's discussed at the committee with the branch manager presenting his case. Now, if all of the information is properly presented and the application considered, it may be decided at that point. Instead of 200 houses, we'd approve a hundred, or we might even only approve fifty, because it might be in a new location where the borrower and the bank could get in real trouble if we overbuilt. And so sometimes we'll approve a project of that type in increments of, say, fifty houses. So this is an example of the type of lending activity that would be considered all the way along the line.

Now, the same thing would probably be true of a maximum loan of the bank's capital. For instance, maybe our maximum loan, at that time, was two million dollars. Then of course, this would always go to the finance committee, be, recommended by the bank manager, then come all the way up. It might be one of the clubs that wanted some money for expansion, or they may want just money for their current operating expenses. There's so many different kinds of loans, you know. The short-term loan is perhaps a little easier to consider than one that would involve, say, ten years. Then you'd talk about the type of collateral you're going to take, it means the appraisal department gets involved making appraisals of the property, the consideration of the contractor that's going to build the project, the responsibility of the borrower himself. These are all considerations that have to be weighed very heavily as to whether the project should go or not.

And of course, there are many times when the bank has turned down projects and they've obtained their financing somewhere else. Maybe not always in a better way than we would have granted them here, because sometimes borrowers do get in trouble by over-expansion, overbuilding a community. This is not uncommon. We've had a number of contractors over the years that have gotten in trouble because they built too many units in a particular location. And four or five years later, why, of course, the properties are sold, but in the meantime the borrower has to pay interest on unsold houses, and it could cause a failure, really, with the contractor. But most contractors that we had financed through the years came out very well, if they just followed with the knowledge, at least, that we felt we had by our own surveys, as to the needs of the community.

Of course, then you get into the livestock business. This is another special field where you have to have people who are trained in it. This involved getting trained appraisers, people that know the livestock business like Mr. Lyle McCartney who we have now, we feel is an outstanding appraiser. And he'll appraise the operation of the borrower before they even consider the loan. That is to see whether he's got ample feed for winter and his range is ample, that his cattle are in good shape, that he has the number that he claims he has. These are things that are considered in livestock loans. Also his background, experience, whether he's making progress, or whether he's one of these fellows that, his budgets are too high, they live too well on the few cattle they have. These are all considerations on the cattle end of it.

Commercial loans, of course, are a different type. They're the ones when a

merchant borrows money for his inventory, when the inventory's sold, he pays back the loan. And there're getting to be more and more what we call "term loans" now. Instead of a one year term, they might have two or three years to pay back on some kind of an installment basis. This again depends upon the responsibility of the borrower, the background, years of experience, and so forth. The old days, why, it was just a generally ninety days or 120-day loan to buy merchandise and then when he sold the merchandise, he paid back the loan.

I think that generally [my reaction to loan requests was] positive. I don't think it can be negative. I have to think way back though, in 1934, when Mr. Wente was president, and said, "We just don't want to make those FHA loans." And for six months we wouldn't take applications. At the end of six months the policy was changed, and then we went from there in very active lending in the FHA program. To try and cover every facet of lending is a most difficult thing, because there are many, as I say, like the FHA loans. This is a change in. policy within a period of six months. We're not going to make them, and six months later, we're making then. It was a matter of finding an outlet for the loans because later on, we got so many of them we couldn't carry than all in our bank. So you make connections with insurance companies who will take the loans when they're insured. Once they're insured by the FHA, then you can sell them to insurance companies and this relieves the pressure on your bank. And we were servicing several million dollars worth of loans for these various agencies, or insurance companies, at one time. I don't know what the volume is now but we did develop quite a servicing portfolio for say, New York Life and insurance companies of this type.

Some banks got into this field of work very, very heavy. Made many, many loans under the FHA program and with the understanding that insurance company or someone else would buy it at a certain figure. So you were protected as to the amount you would get for em. Now if you have to go into the open market, sometimes the open market would be kind of low, and your bank would lose rather substantial amounts of money just in selling loans. And you do this from time to time. If you have bonds and other things that are not bringing in returns current, you may sell them and take a tax loss and invest. This gets into the technical end of taxes. But this is another matter that is generally determined by your investment department. These bonds probably should be sold and others should be bought to replace them.

And of course, another matter of reviewing your bond portfolio to see that your maturities are in proper relation to the overall portfolio. And this can be a very active department. We review daily the amount of cash that's available for lending or for investment. And you have, what you call "overnight funds" that are sold, they call federal funds market. And these are funds that you have in excess—it's not possible to put them out in bonds because they're only temporary, but you lend them to other banks in the federal fund market. Sometimes these kind of funds bring one and a half percent and other times they bring seven percent on an annual basis, depending on what demand there is for this type of fund. It's done generally to build up their averages with the Federal Reserve Bank. I think I told you that before, where banks are required to keep a certain percentage of their deposits with the Federal Reserve Bank without interest. And so the federal fund market is important and you have one man that does this job, everyday. He determines how much

money you have, calls San Francisco, lends the money, gets it back.

Of course, you have your building management personnel. See that all the buildings are maintained, mechanical and so forth.

Our biggest job today is gathering all the checks and all the deposits and putting them through the computer. And we have a man that flies his airplane, picks up these deposits from all the branches—well, I think, from let's say, Lovelock, Winnemucca, Wells, Elko, Tonopah. He brings those in and then they're run through the computer down here at night, so that practically everything we have in the bank is on a one day service now. It's one of the other expensive things that you have to do in order to get that kind of service. Now Carson City, Sparks, of course, and Fallon, I think, do bring em in by car. I'm not sure because we've had to experiment a little bit on this too to find out just which is better, to bring it in by car or take it by plane. Well, Las Vegas has their own computer center down there and so all of Las Vegas branches run their checks and deposits through their own computer.

Then they make up consolidated statements which are sent up here for consolidation of the overall bank. And every day this is done. The bank's books balance every day. And this is one thing different about banking, than any other kind of business, because you're balanced every day. You know exactly where you are every night or every morning, the following morning. You know what your deposits are in every branch, you know what your bond portfolio—everything is balanced. You have to put out a financial statement every day (which we do in a brief way).

[Do we have any loans go bad?) Yes, we'll have an occasional one. They're never, we feel, too serious, because our loan-loss ratio is very satisfactory as far as the bank is concerned as a whole. To an individual why, I suppose if you said, "Well, we charged off a million dollars worth of loans last year," it would sound like a tremendous amount of money. And it is a lot of money, but when you relate it to around five hundred million dollars of loans outstanding, why, it's one fifth of one percent. So you know that you're going to be within that range. Of course, if you're going to get into a big loan, it's not always a loss. We're required to write it off and then it's recovered or part of it's recovered— substantially recovered, let's put it that way.

For instance, we made a loan some years ago on an apartment house out here. And there was just no way to get that thing rented and we hired a man to run it and everything else. We carried it for about a year, made a few dollars on it, and finally sold it and came out. But in the meantime, it was a big headache. And sometimes you warehouse materials and the man will go broke and you wind up with. a lot of materials. It takes time to work those things out. You have to charge the loan off, then you recover the amount that you recover from the sale of the merchandise. Same thing on the livestockmen. If you have to foreclose on the cattle, you have to provide a place for them, you have to put a caretaker in, and you have to run em really, until you can find a buyer. And sometimes that's very quick and sometimes it's involved in litigation and—I mean there's a lot of ramifications. When you get into trouble on a loan, you get into deep trouble and have to fight it out.

We're not talking about the ordinary personal loan or things like this, because they're automatically charged off, if they're delinquent ninety days, they're just charged off. And then they're recovered later, in many cases, of course. We just don't carry past due installment paper beyond the ninety-day period. And it's almost the. sane with small

commercial loans. If it appears the borrower is not going to pay, without a great deal of difficulty, well, you better charge it off. Get it off your books and put it into what we call the loan adjustment department, where they follow all of the charged off loans.

But it's all on percentages. If your loss ratio is within a percentage that is considered reasonable, why, then we don't concern about it. We have ample reserve set up all the time for this many loans, or better. In fact, the bank sets up a reserve to the maximum allowed by the Internal Revenue Service at all times.

It's awful hard to pick out anything that's outstanding in any one day in the type of work we were doing. Now of course, if we build a new building why, this maybe is important. Particularly when you make a decision to build this building that is here. But we're building buildings all the time, and we're building them every day. It's not unusual, you see. And the same thing with the lending activity. There's nothing unusual about it, and there's nothing unusual about the day-to-day operation, excepting the satisfaction of helping people. And it you can get any enjoyment out of banking at all, it's got to be on the basis that you are helping individuals, some who make a success of their lives, others who just stay at one level all the time. And of course it's the observation of what good you might be doing that is the satisfaction. But there's nothing unusual that I can think of—you might say that, "This is an outstanding day." It just doesn't work that way, at least not in my experience. I think we're dedicated to helping people. And I don't keep a little book about the successes and the failure; I think you just take it as it comas.

No, to just glamorize some particular day or week or something of this kind—it'd be awfully difficult to try and pick out that day that you thought was the best one you had. The best days I have are when people still come to me and say, "Well, I'll never forget the day you loaned me five hundred dollars (or a thousand dollars), that it made it possible for me to go on from there." I mean things like that are a certain amount of pleasure, satisfaction. But there are hundreds and hundreds of those kinds of loans that are made every day. And you just—maybe one or two of em will come back and say, "It was a great job, thanks." But you don't expect it because if you did, you'd be unhappy all the time.

I can't think of anything that's outstanding. When your bank has a robbery, that's unusual. When somebody comes in and holds you up why, maybe that's an outstanding day. Something to remember, but it's not important to the banking business, you know [laughs] what I mean? And it's a disappointment, of course, when you have some young fellow that you feel has a great potential and then he steals from the bank. You have to let him go. And these are things that—the negative side of this business. And you have two or three of em happen during your lifetime, maybe. But they are disappointing. These things are one of the tragedies of living beyond your means, I guess you would call it.

On the day to day thing, I think that you just have to look and see whether you're progressing from day to day, or year to year, or month to month, and the. growth of your bank, and the number of people you're taking care of. And if you're going the other direction, then there's something wrong with your policies. And we have felt that our policies were progressive and we were taking care of the needs of the state and the community. But to try and pick out something that's outstanding, I just can't pick it out that way, it just doesn't work.

Of course, you're always—certainly a great deal of satisfaction to advance from time to

time into another position. It's a challenge and you do the best you can with it. You're generally somewhat prepared to take on the next step in banking. If you start out as an errand boy like I did, why, it's pretty good to get to be a teller. Well, that's fine, that's a great day. And then when you become an auditor, why, that's of course, another day. Every one of these things is a challenge as you go along. You always hope that you're prepared to do it, and could carry on. Otherwise you wouldn't—at some point, you seek your level or are assigned a level.

I think that people progress largely on attitude. Perhaps more than technical knowledge or educational achievement, I think, attitude has more to do with the advancement of people than anything else. I can take the most brilliant person in the world and if he's got a bad attitude, he's not going to go any place. We've had two or three of em that, if scholastic background meant anything, they would be president of the bank. But an inability to get along with people or an inability' to apply the knowledge that they had, you just didn't make them the type of person you would want. So I still think your attitude is more important. If you're willing to work hard, if your willing to make an effort to learn the jobs around you and try to progress, you can make it. I don't mean to be dumb, don't misunderstand it that way, but I'd rather take a two-five or a two-seven-five student who's got the ability to get along with people many times over the one who's got a straight four and can't get along with people.

I think the more important things, as I say, when you've been chosen to take a position, as I told you, starting out as a messenger and then a teller and auditor and then assistant cashier in this bank, and then manager of a branch, and later into the administration, which various fields that I was in—everything moved pretty rapidly during that period because we had changes that—well, actually the president changes an idea as to whether he should have an assistant, for example. Which seemed—I think the worst name you can give, anybody is being an *assistant* to the president. I think you have the responsibility to see that things were running, insofar as he was involved. But I think when you finally get into the lending activity, at least you're involved in something that's moving every day and the problems are there every day, insofar as approval. Then you get into the other, executive vice president in a certain field, why, this is a matter of long range planning, largely, along with the day-to-day operation of your bank. And I think that, as I say, when Mr. Fitz was executive vice president under me, most of the planning, most of the operation, was under his direction. And then, of course, he came to me or to the board for final approval.

Every branch that has to be built is approved by the board and also by the Comptroller of the Currency. You can't just go out and build a branch; we have to get the approval of the Comptroller for any new branch. And so we are regulated pretty much as to ratio of capital to deposits, ratio of capital to risk assets, number of branches you have, your dividend policy, lending experience. They examine your bank at least once a year, sometimes twice, to see that your assets are in a collectable standing or in good standing. And they see that the loans of a doubtful character are either listed as doubtful, or charged off. This is one of the functions they have.

And of course, then they set the policy to certain types of loans. The main one right now, I guess, that you'd think is the loans on securities. When the old 1929 crash came, you could borrow up to ninety or 100 percent, I guess, of the value of the securities on a speculative basis. And now we can loan

twenty percent, which indicates that the stock market couldn't affect your borrowing a great deal, because, unless it just crashed all together. But day-to-day fluctuations of your market now don't affect the sellout of securities. In the 29's, when the market went down, why, the banks and other lenders had to sell these securities to recover at least as much of the loan as they could. And of course, as the market went further and further down, practically all the stocks were sold, you see. And this further depressed the market, because the more you throw in, then the less demand; why, it's bound to run it down. And we have a little of that right now. It's not through the individuals, because the individuals are, I don't think, in the market too heavy unless they own it. Whatever they have they practically own, anyway.

Of course you' re regulated. You're regulated on your interest charges, on installment loans, either federally or through your state legislature, then they get into the act, you see. So, you' re pretty well regulated in all directions.

[What about other relationships with government agencies than just purely regulatory?] Well, your FBI, of course, has the investigative powers of trying to catch tax evaders or others. And they can't get information about an individual's deposit account in the bank without a subpoena. No one can walk in and ask about any depositor's account without a court order, unless it's one involved in the account, of course—the husband and wife, children, whoever is involved in the account or can sign on the account. But the FBI or district attorney or anyone else can't walk in and say, "I'd like to see so-and-so's account." They have to get a court order to do this.

In the old days, they'd come in and try to bluff and we had some, sometimes pretty heavy arguments. At least with the local district attorney just couldn't understand why they, since They had somebody under indictment, they couldn't get the information, well, it's not possible. So the information in the bank's books is strictly confidential. Of course, there are investigations involving money transfers and things of this type, where they give lists of numbers, as you know, in kidnapping cases or something like that, and they're distributed among banks. And if we saw any of those bills, we would certainly call the FBI. We'd cooperate in that sense. But to come in and get information about a person's account, no.

Now, if we have a robbery of a bank, of course, then we immediately call the FBI and they go from there.

Now, the Internal Revenue Service, the same thing applies to them. They cannot come in and ask for a person's ledger sheet without a court order; there's no way. Unless the customer authorizes. Now of course, if the customer authorizes, that's something else. But if we go to court in some of these cases,. the bank is asked to go to court, then we're subpoenaed and we have to bring the records to court. And this does happen, because if they're sued, let's say for evasion of tax, for example, they might ask the bank to bring all of the records of the individual. We'd have to bring em. But generally speaking, they can't walk into the bank and say—well, they can't conduct a fishing expedition; let's put it that way, no way.

[Have I ever felt that the bank was subjected to harassment by the government agencies in this way?] Oh, no. No, no. No, I would say, generally, now there's an understanding as far as what banks can do and what they can't do. And so everybody's—well, as long as they're informed. You might get an eager beaver sometime that might try to

bluff you into giving information, but no, this doesn't work any more. No, harassment there is not so bad. It's the change in regulations all the tune that you're always concerned about insofar as your taxes, things of this kind involving banks, your capital gains and things like this that they're talking about in Congress—doing away with em, or make you carry things for six months or a year before you can sell anything on a capital gain. These changes are always talked about, of course, involve banks, and we were always interested in them. But they haven't changed anything materially. But there's still a conversation about it.

But I wouldn't think we had any great trouble with the regulatory authorities, either from the standpoint of examiners or other agencies of the government. Now that everybody knows pretty well the limitations of the law insofar as getting information about people.

For a long time, we had to report anyone who had what you call an unusual transaction involving large deposits of cash. That was in effect, they've eliminated that now. But for a while, we were required to send to the Federal Reserve Bank, a report of anybody who deposited what we call an unusual—. In other words, if an individual had a thousand-dollar bank account and suddenly brought in ten one thousand-dollar bills, this would be an unusual transaction. And you'd list the numbers and send them the information, as to the money. But I don't think they ever did anything about it. But nevertheless, we were required to do this. We don't do that any more. I think they eliminated that requirement, as far as I know. But I know it was for a while.

Then it gets involved, by the peculiarity of our economy here with the gambling clubs, where I'm sure it was easier to "launder" the money through the gambling club than it was through a bank. In other words, if you went in and gambled over the tables there and changed their money from thousand-dollar bills to twenty-dollar bills, there was no way it was reportable. Because to the clubs, this is not an unusual transaction.. They bring in, as you can appreciate, tremendous amounts of cash every day, then get back other kinds of money. So that these were not reportable because, as I say, were not unusual. But if a person were going to do something of this kind it would be easier to do it through some outfit that handles a lot of money like a club than it would to try and do it through a bank. So we didn't have that problem, really. Very few of them occurred.

Of course, you have knowledge lot of times of people who have substantial amounts of cash. We know that, because they'll cash checks and take the money and we know that they put it in the safe deposit box. But you don't tell anybody about, and nobody can ask you whether they have a safe deposit box even; what's in it we wouldn't know. We haven't any idea. But we know darn well some of that money is in the boxes, legitimately or otherwise. And of course, some of em, I guess, still have it in a tin can in the backyard, too [laughs]. I don't know about that.

I'm sure there's lots and lots of ways to hide your money, if you're smart enough to know how to do it why, I suppose a lot of em can do it. And I suppose they can transfer it to other banks around the country, too. Where you might have some idea that the man—well, he' s got an account some other place, too. But this is just hearsay; we're not asked to say those things. I hope.

At the time, that Mr. Questa passed away—was killed in his accident—as I came in as president of the bank, I carried on as best I could the philosophy that had been carried on. You don't change direction

overnight. As conditions change, you have to adjust accordingly. And 1966 or 67, when the buildings and loans, savings and loans, in Las Vegas had their difficulties we had to change some direction because it created a substantially overbuilt situation in southern Nevada. And there were many foreclosures by the savings and loans. And it changed our direction somewhat in financing new subdivisions, new real estate promotions, and things of this type. However, the gaming industry has been gaining in stature, as you know, over the years and now it's accepted as any other legitimate business with the ownerships in the hands of responsible firms, such as the Hughes organization, Del Webb Corporation, and others. And of course, now the state has permitted the companies to issue stock so it becomes in public ownership, you might say, like Harrah's has recently done. So that the gaming industry has gained in stature. And we all admit that's a very substantial part of the economy of the state, particularly in relation to tourism. And we have to be in this business and finance new facilities and take care of this very important part of the economy.

In addition to that, with the new warehousing, with Nevada being declared a free port, this has created a tremendous demand for new warehousing and the bank has been involved very substantially in the construction of warehousing in the community; the warehousing projects.

So, as I say, as you change direction in the economy of the state, then your banking institutions have to change direction accordingly and finance those things that are going to contribute to the overall economy of the area in which you operate.

I'm getting a little ahead of the time I was here, but nevertheless the economy has changed substantially in the last four or five years. And we have seen a tremendous—now—new growth in the state and new directions with a continuing demand for new hotels, new office buildings. And this is part of the, you might say, "rolling with the punch," in supplying the needs of an expanding economy.

Backing up to the period when I was president of the bank, for the first couple of years we carried on pretty much the direction that was established by the board of directors and the previous president, Mr. Questa. And then, of course, when the economy did level of f, then of course, it did affect the banking growth. I mean, the growth was relatively small in 1967, I believe it was, when the growth of the state rather leveled off.

The growth of the banks and the growth of the financial institutions, of course, is related to the growth of the state and the growth of the economy and the demands that occur. And if you're in the banking business, you try- to provide the means to sustain, the growth if you can, and not over-stimulate by building too many business buildings, too many motels, too many hotels. You have to more or less judge the demands. The surveys are continually being made as to population growth, direction of the economy, and [we] try to anticipate the needs of the community. This is a continuing process of the banking industry, as well as the power company, telephone company, are continually making surveys of the community to determine the direction of the growth, what new programs are being initiated, such as the free port deal. Now we'll probably have a port of entry here before too long. This means additional facilities to take care of people who might be coming through, well, we might say even from Japan, as long as we have a customs facility. And I think it's coming. I think we're leading in that direction now. Which means

there's another stimulation of growth into the state.

Of course, we know what mining has done. Mining has practically dried up, as you know, by reasons of the cost of labor and what-have-you. But we still have a mining industry going in the state, which surprises most people. You take the mine at Battle Mountain, at Carlin, and as well as the two copper companies in the state, Kennecott and Anaconda. So we do have the old basic industries in the state, as well as the livestock industry. The sheep industry, of course, has declined very substantially over the past fifteen or twenty years. Very few sheep are now grown in the state relative to what they were twenty-five or thirty years ago. So we had had some switches in the agricultural field.

But Nevada has a great future, as you know. I have to guess that we'll be doubling our population in this county in the next ten years, maybe faster than that. This means, have to take a new look, at the direction in which. housing or business buildings are going to be. I think we're slightly overbuilt in office. buildings right now; we've had four either finished or nearly finished, and one new one under construction now, which means a substantial amount of new office space in the community. Which would indicate perhaps a little overbuilding in that area right now. Construction of new hotels, new motels in the community—we hope that the new facilities will improve the number of people coming into Reno. Such as the new Holiday Inn, the new El Dorado hotel here, the new Reef, a new motel on Fourth Street.

So I think that we can see now perhaps a little tendency toward overbuilding. With the number of new condominiums, new housing developments being constructed, I think there's a vacancy ratio now in the condominiums. It's a little disturbing, at least in one or two of them. And we're still building more. Now, some of these may be built that are not appealing to the public and we'll have to wait awhile to build in, and others that are maybe more appealing seem to be doing quite well. But to try and balance it overall, it would appear that we are reaching a point now where we may be slightly overbuilt. I don't think materially overbuilt, but slightly overbuilt. We're short of moderate [priced] housing.

I point these things out because, in trying to set a direction, almost day to day, your surveys and your new feeling of the community as to what is occurring changes your direction. So to way we'll have a goal for five years, this is great for deposits, and for the growth of the bank. And you do have goals because you build new branches as the demand occurs, or the needs of the public require additional branches. We anticipate that we shall always have a branch that will be paying, but sometimes this takes longer than we anticipate, sometimes it's shorter. We like to see one of em, at least a five-year profit picture on them. Sometimes they do it in two, sometimes it takes six or seven. But the average is all right. It's a matter of anticipating the growth of your community.

For instance, Sun Valley. Who would have thought a branch would be out in Sun Valley, for example? Or two branches at Lake Tahoe? The growth has occurred and the needs are there and so branches are put there. We had a branch in Lake Tahoe way back in 19—gosh, I guess 37, 38, seasonal, just for the summer. There wasn't enough business up there to support it. And now you can see what's happened at Lake Tahoe. This is part of our banking area, the whole lake.

So your directions change as growth patterns change. And we have to be alert to try and anticipate what's going to happen, and try to keep from overbuilding. Which

sometimes is a little difficult to do. Because we're all a little optimistic; we have to be about our community. Sometimes we figure that all these things are needed and find that we're just leading the economy a little too fast. That's one of the dangers and one of the risks that you have, what you try to avoid if you can in trying to be realistic on your growth pattern.

We're continually having, you might say, a five-year pattern of growth and anticipated growth, which has to be altered from time to time. But we generally try to have at least a five-year survey, or surveys that point towards the direction your economy is going to take. And this has been particularly true in the Las Vegas and Reno areas. The rest of the state, as you know, has been pretty level, slight growth in Elko County, but rather nominal compared to the balance of the state. So most of your concern is in the fast-growing going areas of Reno and Las Vegas.

You see, Reno's had a more consistent growth over the years, it's been about oh, six or seven percent a year. Now, I'm afraid maybe the last year has been a little faster than that. But generally speaking, we've had a fairly constant, moderate growth of six or seven percent a year. Whereas Clark County just went skyrocketing, as you know, there for a period. Now I believe, that Clark County—I wouldn't want to say leveling off, but the growth has tapered off somewhat. And I think you're going to find it accelerated in this [Reno] area. That is, I'm talking about northern Nevada now, the Lake Tahoe area, and the Reno area, Washoe County. And particularly in view of the attractiveness for these new warehousing and other types of industry of that type that are coming in here.

[Did I have to devote a lot of time to the Las Vegas problem as the president of the bank? As much as Mr. Questa did?] Well, yes, I would say that we were involved in Las Vegas with this growth and had to spend considerable time. I probably didn't spend as much time down there as Mr. Questa did, because I wasn't involved quite as much with the gaming industry as he was. We continued on with some of the lines, but some of em we dropped in that period; other banks or other financial institutions took them over and made the loans that we felt were too substantial for us to handle in some cases. I was perhaps more conservative in my thinking about the gaining industry than Mr. Questa, although he was a conservative banker and the loans he did make were on a sound basis. It was nothing, certainly nothing, that was any different than a sound banker would do, excepting he dealt a little closer with them than I did. We did make many loans to the gambling industry; I don't mean that we just cut them off; that wasn't true. You see, as I say, some of those got pretty substantial. And the Teamsters Union, as you know, made many loans to the gaming industry, not only in Las Vegas, but in the Tahoe area as well.

In the local situation, in the Reno area why, we provided most of the financing for the major clubs here. The Riverside, we were unable to help, but the Teamsters made the loan on that, as you remember.

But this is a matter of judgement. Who is the manager of the club? What is their background in the club? What experience do they have in gambling? And when they don't have good experience and good management, you don't make a loan, any more than you would to a man running an ice cream factory; if he doesn't know about ice cream, you don't make the loans. The same thing is true in gambling; you just analyze it the same as any other legitimate business. And it became legitimate, as you know. But in the case of the Riverside, as you know, they had a man that came in here, come into Reno that knew

nothing about gambling, and had a change in direction. It was one that we didn't feel we wanted any part of. But the other clubs, we've helped substantially over the years.

[Do I feel that as a Nevadan, I've had a certain emotional attitude toward the gambling, where Mr. Questa didn't have that kind of a mind set?] Well, his mind wasn't set on any different than perhaps the rest of us because he was born here and raised here, you know, in the community. [He] was away quite a number of years at the Bank of America and overseas with the Bank of America. But I think it's a matter of analyzing the management of clubs. I was perhaps a little more restrained in dealing with the managements that I didn't know enough about, if you want to put it that way. As I say, locally with the Smith family and Harrah's family and the Fitzgeralds, that we got to know—. And then in Las Vegas, the same thing was true with the Thunderbird, at that time, which, as you know, it had problems, but we were in there with Mr. Hicks and the Wells family. And the Riviera and Tropicana, the Tropicana particularly, with the kind of management they had out there, we were very substantially able to help them. Some of the newer ones, where there was new management and new people coming into the community we don't know much about, I kind of would hold back on them.. Because I wanted to know that they were experienced in this type of business. I feel, as I say, it's like any other business, if you don't know it, you may learn it, but I didn't want them to learn it at our expense.

[Do we have, any kind of a rapport with the Gaming Commission and Gaming Control Board?] We didn't get involved with the Gaming Board at all. We left that entirely up to them because it's another field and to get us involved in trying to clear people, it wasn't in our line. If they received a permit to open a gambling establishment, that was the Gaming Board's decision, not ours. And then we made up our own individual investigation over and beyond when credit was involved. The mere fact a person had a gambling license didn't necessarily entitle them to credit. They did have to comply with the rules of the Gaming Commission by having money and background that at least they appeared to be morally responsible. And that was the Gaming Commission's job. But our job went beyond that; it was more knowing the management and who's involved and whether they had the proper facilities. Also the picture of their debt on the plant that they were building. It's strictly a matter of judgement on credit; no sentimentality in that stuff.

[Do I remember any of these that are really outstanding?] Well, of course, I think the ones that had shown the most success and that I admire very much were the Smith family and Harrah. I don't think anybody can equal what they did, particularly Mr. Smith, when he came in here with a little room about the size of this office and started in that manner. And through his own ingenuity and hard work, developed what was known as Harolds Club. And I think this is an outstanding example of just ingenuity and hard work and being honest, of course, and being a good citizen. And, of course, Mr. Harrah came in here and not with too much, you know, and over the years has built up the organization he has. Now this is a family deal. Most of the Las Vegas situations are, well, a couple of them perhaps you might say were family, like the Houssels in the Tropicana. The Thunderbird, when Mr. Marion Hicks was alive, he developed that. And most of the others were a number of partners, most of whom were out-of-state.

Now, of course, when you get organization like the Hilton chain and the MGM and other

firms like that, the Del Webb Corporation, then, you see, you've changed this substantially from what it was in say, the 40s and the '50s. Now you have large corporations that are investing in these gambling establishments. Of course, we used to talk about, oh, three or four million dollars for a hotel you know; now you're talking about, you know, fifteen or twenty, twenty-five, fifty million, depending upon the number of rooms that are in and also with the increased cost. You see, your costs would probably triple or quadruple since the first clubs were built down there and then they're all larger and they're all adding more all the time. So instead of talking about a three or four million-dollar project, you're talking about multimillion, twenty, thirty, forty, fifty. And still they build em.

[How about some of the other businesses that the bank has been responsible for either promoting or keeping out?] Oh, I don't want to say that we were particularly influential in keeping any out. We've had a number of plans here to build hotels, and in rather substantial figures over the years, but there was never—they were largely promotions. And well, you just don't finance that type of a situation. You can say on one hand, that keeps them out, but it isn't quite that easy to say. Because if they'd had the financial backing that they should have had, or at least the equity capital they should have had, then they had a possibility of getting some financing. But most of these were highly promotional and the money was supposed to come at some future time and never developed. So we never got involved with the things. We just didn't make the loans in that type of a situation. Because we always want the owner to have some equity; we're not 100 percent financers on anything. I mean, we want somebody else to have the risk in the things, because while we do take the normal risk in banking, we're not the ones that put up the risk capital, you see. So there've been a number of situations where very elaborate plans for hotels and things of this type were presented over the years, and the commitments were never finalized because they could never find the extra capital, or the people who never came up with the equity capital.

[Do these people come in and try to press the president of the bank? How do they do this?] Well, they come in with plans and try to interest you in coming up with the financing. As the discussion develops, why, sure you say, "Well, it looks like a feasible thing, it looks like a feasible plan, the hotel looks good, but who's going to put up the equity capital?" And then, of course, that finishes that, because nobody comes up with the equity capital. I suppose they felt that if the bank would build the plant, put up hundred percent financing, they'd find somebody to run it. But we don't do that. It's just reverse in what you have to do in banking. Certainly it's just the sane as building a hotel or motel or an apartment house. You want to know what the equity capital is in there and that they're going to have proper management for the project.

A lot of people have great ideas, but when it comes to performance or the ability to handle the transaction, it's like "Cloud Nine," really. It's a dream and nothing substantial behind it. And we have a lot of these. My goodness, this is continuing; approach by promoters, by people who are dreamers, and we have to kind of sift them out and find out what has substantial backing or at least some substance to it. As you recently heard in the paper about this world trade center. It's a dream in the way it was presented. Now, I understand a private group is going to take it over and build it on a profit basis. But it was highly a dream. We never were able to get a proper survey to determine whether this type of a project was

feasible or whether there was going to be anyone to rent rooms in it. Wonderful idea. I mean the idea was there, and you have to have people with ideas, but then you have to come up with a down-to-earth part of the thing and financing and building and who's going to be the tenants? And this is continuing. In the banking business this is one of our—I guess you might say, the hardest part of banking to handle is to discuss all of these projects that people dream about, and many of them very fine ideas, but nothing of substance behind them. So this is where you have to be cautious, or at least be sensible.

[Do these people try to bring social or political pressure?] We get some of this, yes, but it's very minor. No, generally speaking it's mostly promotional effort. Oh, you do get occasionally somebody who comes in and says, "I know so-and-so, and he says I'm a good guy and you ought to make the loan," and all this kind of stuff. But it never happens to the point where we actually are influenced that way. No. No. We never had any of our public officials ever *try* to influence in those areas. Really it's been—I don't even recall one instance where any public official has come to me and said, "Now here, I want you to help Joe because he's a great guy and—." I never had that happen.

As I say, it's a knowing people, you know in Nevada. This is one thing about Nevada that's unusual. I can't say this today, but for years and years we knew every public official by first name basis. I mean you've known their background, you know where they came from, you know their integrity and their abilities. Actually this was a great thing. Now the state's growing pretty rapidly and the southern part has moved in pretty heavily into the political arena, as you know. And I don't know them, I mean I don't know their backgrounds as well as I did before. Of course, I'm not involved as much any more which makes a difference too. But for the years, many, many years—gosh almighty, I—clear back to Emmet Boyle when I was just a youngster, I've known practically every governor in the state of Nevada since that time, you might say on a first name basis. And now the first governor that I haven't become, you might say, pretty well acquainted with is Governor O'Callaghan. Laxalt and Sawyer and Russell, Carville, Kirman—my goodness, all of those people I'd known for many, many years before they became governor. And our senators the same thing, and congressmen. But you get to a point where this gets away from you. I know even our county commissioners and our legislature here, knew them all practically, you know, I don't know any more. I know probably the local ones; the Las Vegas group I know two or three, but not as intimately as we used to know them.

I think that Mr. [Art] Smith and others in the banking business who are active right now, by reason of the size of our state, again, probably know all these people on a face-to-face basis, every one of em. And this is important, too, really, from the banking industry because we do have legislation from time to tine that's important to the banking industry and the financial community. And we have to be alert enough to know when some bad legislation (at least in our view) is coming up. And we do some lobbying, of course. This is important, because sometimes these laws that are presented, legislators don't know a great deal about them, they rely upon those with experience to inform them and keep in touch with em concerning legislation, come up and point out the weaknesses or the strengths in that particular legislation that's proposed. That's one of the things that we do have to be involved in. And the helpful thing

is to know people face to face so that they rely on you, they respect your judgement, and will act accordingly. We've had very little difficulty in the legislature over the years on legislation that would affect the financial community being passed.

[Do I like to lobby?] Not particularly, no. I did very little of it. I appeared oh, I suppose four or five times before a committee over there on various types of legislation. Not always affecting banking, either. Sometimes it was affecting, oh, even the livestock industry a few years back. You know, they wanted to pass a law ova here that anyone coming in from out of state would have to have *cash* to buy the cattle. In other words, they couldn't issue drafts any more because one poor livestockman took some drafts and let the man take his cattle and the drafts bounced and he lost his money. So they were going to pass a law to prevent that. Well, it would have just raised holy Ned with the buyers coming into the state. They're not going to run around with $100,000 in cash in their pockets to buy cattle. So I appeared before the committee to explain the risk that was involved in making a law that required people to just pay cash for purchase of cattle. This involved hundreds of thousands of dollars and there's no way buyers come in with that kind of money. It was a matter of going to their bank and having them clear the drafts before they ship the cattle. But this is one type of legislation that, you have to point out, would do more harm than good.

Oh, I think you have to be in touch with legislators. I think it's a very important part of any businessman, to be in touch with his legislators, whether it's national or state level. Because they need the information as to where the growth is going to occur, or the problems in trying to finance the growth that's occurring.

The zoning things, we try to stay out of those as much as we can; I mean where they affect some part of the community, cause you get yourself right in the middle of all those things. Unless it seemed to affect the community or affect the bank why, we stayed away from it. Of course, we do get involved in the trust department, because we do own and carry quite a few properties for people that have left them in trust, or left to heirs that we have to handle for a period of time. And of course, if the zoning problem comes up there, why, of course, we have to protect the person whose property it is. So we do appear in those kind of things. Oh, we would appear too, if it affected the downtown areas, affected the area we're operating, yes. But that doesn't happen very often.

[Would I like to talk about the FNB main office building?] Well, of course, this was discussed among the banking people. Just like any other major project, you generally rely upon, what we call the managing committee, the senior officers of the bank.

Well, of course, number one, the reason the building was built because we ran out of space in the old building and there was a question of remodeling the old building which. would have cost a very substantial amount of money. We could have remodeled; the building was on two levels, the front end was about four feet above the back end, and if you raised the back end, then the roof was too close to the floor and so—oh, just a lot of complications. We went over that thing for months trying to figure out some way. We got the architects involved; what if you'd add a floor to the building—? After all this research, it looked like there was really no way we could make a half-way decent building out of it. And it was a very fine building, I mean well, substantially built and it was just one of those decisions you have to make, whether we make do and remodel or whether the thing to

do is acquire additional property and provide space for a building of this type. Well, of course, this then changed the direction and we had to start acquiring property. We had to have parking facilities if we were going to build, to provide for drive-in windows and tenants of the building if you built a larger building.

Well, the first thing we had to do was see if we could buy the city hall, as you remember, on the corner. And the city was about to move into another location for city hall and fortunately, we were able to buy it [and] also the Washoe Title Insurance building. Then the Gazette Building, the Reno Newspapers, had built a new building on Second Street and their building was available, and [we] finally negotiated and acquired that. There was a small piece on Virginia Street, between our building and the Medico-Dental Building, and that was acquired. Then when these properties were acquired, then we had plans drawn for the new building.

Then it was a question of determining just how much money we wanted to spend on this thing. As you know, we only built four floors of the garage to start with, as Standard Oil Company of California anticipated building a substantial parking garage where the Telephone building is now, and then backed off, and we immediately had to add two more floors to the garage. That stops the garage; we're finished on that now; that's as high as we can go.

But anyway, it appeared that there was needed additional floors beyond the banking facilities. And of course, anticipating that the bank would grow, we would eventually need half or more of this building. And so it had to be provided, that much for the bank, anyway. In the meantime, offices were available for outsiders.

Now, I'm going to go up to the seventh floor, because the first five floors now are going to be entirely banking. And we'll have to provide the conference room on, I think, the sixth or seventh floor, I'm not sure now.

But anyway, this was the expansion that was anticipated, when the building was built. We could never have gotten by with another four- or five-story building. And then with the value of the property, it was necessary to go up with a building that you could get some return on your investment. So that was the thinking behind the planning for this building. It meant tearing down three, four, buildings. Had to tear down the old bank, the city hall, the Gazette Building, the Title building, and the little building that was adjoining the building here between the MedicoDental Building, we called it, and this building here.

Well, anyway, the bids were put out, and the bid was about four million dollars. I think there were five contractors bid on that building and all were within a hundred thousand dollars of the four million. Which is indication of the good plans that were drawn, because there was no doubt as to what was going to be built. And of course, then we went ahead and built it and moved in.

Of course, in the meantime we got one more building, too, the Pioneer Title Company was right across the alley and we tried to run a branch in that thing during the construction period. And did, of course, run a branch operation in there during the construction period. And then when the building was built, we tore down the title company building, the city hall, the Gazette Building, and the one next door. So there was actually four properties acquired to make this expansion. Fortunately, the property was available, cause I don't know what we would have done if we couldn't have had the property for the garage, anyway. We could have built this building but without parking. And this being a public service that wasn't intended, really. We were forced into it, because the Standard Oil Company backed

off of their garage. And I had hoped that they would build it. Because we figured a four-story building would take. care of our drive-in facility and parking for tenants, period. We didn't expect to turn into a public garage. But that's the way it's developed. Now we've got a twenty-four-hour operation, with the garage full all the time. It's a good thing we had it for the community. It's a very fine building. We were very happy about it.

Well, one thing that happened, it was very disturbing, was the fact that those windows kept popping out. We lost five windows. We called the glass people and had them analyze the glass was going in there—can't tell you the name of the glass, I'm not familiar with it, but it's a black glass and it's fused with a material over it, so that it gives the appearance that we have on the building. And these windows kept dropping down. And gosh, they were hitting the pavement and hitting cars and everything else. So we called the people and wanted to know what to do. Do we put screens across all that glass in this building, or do we take it down and put metal in lieu of this glass, or what do we do? Well, we finally determined that they were being shot out by somebody [gesturing pulling trigger] with an air rifle. And never did find out who did it, but they had a suspicion. There were a couple of little kids over there with an air rifle, were popping them. As soon as we found that out, then we went ahead; I mean, left the windows as they are and we haven't had one out since the building was really occupied. But I'll tell you, it looked like a $400,000 expenditure to replace the glass with either metal or put screen all around theme And it was a bad problem. We even felt we had to put a cover over the sidewalk for awhile to prevent any glass from coming down and hitting people. This would have been terrible. It's just hard to believe what happens this day and age.

On South Virginia, we were losing a plate glass window down there about every two months. People driving along the Street would pop a window out. Vandalism is a very big problem. You almost have to have guards on—well, we do have guards here twenty-four hours a day in this building. The lobbies are being patrolled twenty-four hours a day. And the branch up the street, they lock that up tight at five o'clock and that's it. But this one, the tenants in here, they have to come in sometimes. Sometimes they come in late in the evening. So we have guards twenty-four hours a day, to prevent vandalism.

But we're very proud of the building. I was able, of course, to be here when it was dedicated. And when we got in there, I shook hands with so many people, I had blisters on my fingers, I'm not kidding! The reception for the public, they were coming in there. We had a cocktail party or a thing on the top floor for a whole week; every night we had a different group of people in to tour the building and have some hors d'oeuvre and drink, too. It was a very pleasant experience, really. To have the public accept the building and be as interested as they are.

So now we're here and still moving up and still using more of the building all of the time. And I don't know what the eventual thing will be.

But see, we're moving the appraisal department out to the center we have out on Vassar. They have to move out there to make more room in here for operational functions in the building.

So it's a big bank. It'll be a billion-dollar bank in the next two years. And that's from a start of about, I guess, a twelve million-dollar bank in 1934. It's just unbelievable. Of course, this reflects largely, the growth of the state. And of course, you'd like to feel that your bank has some influence on the growth by

providing funds for building the various types of things that are occurring and to finance the businesses that are in your community. You like to pat yourself on the back and say, “Well, we helped.” And I have to feel that we do; banks *do* help the growth in your community, by providing funds and constructing new buildings, and financing inventories, and helping automobile dealers with flooring. And all these kinds of things that do have a bearing on the growth. The availability of credit is one of the important parts of the financing of your state and community.

I guess one of the satisfactions of being in banking is the fact that you are helping people. And whether it’s for a person who needs a personal loan of $400 or $500, or a person who needs a million dollars for inventory, or a person who needs four or five million to build a building, it’s all relative. Everybody is being helped some way. And in this kind of a financial world we have, I guess it’s one of the reasons we stay in banking.

Assessment of Nevada’s Tax and Financial Situation: Freeport, Inheritance Tax

Fleischmann and other people of wealth have come to Nevada because of our favorable tax laws. And, as you have probably read, they’re trying to put through a law now where they would be paying an inheritance tax in Nevada, only to the extent that they would get credit against their federal inheritance tax. This has been resisted for a long time, because it’s always been felt that if the wealthy people who do come to Nevada for tax purposes found out that we did have an inheritance tax law, this might discourage them from coming. Even though the amount they would pay would be a full credit against their federal tax. It just opens the door. And many of them might hesitate to come here if we do have an inheritance tax. Probably isn’t as serious today as it was maybe ten or fifteen years ago. But they tried several times you know, to have a state inheritance tax and never been able to pass it. There’s two ways to look at it. Some of these wealthy individuals come to Nevada and do great things for our state. The Fleischmanns, as I said; [H. Edward] Ed Manville, who was very generous to the University and the Boy Scouts and other organizations, United Way. And of course, many of them come here just to save money, and of course, if they come here to save *all* the money then of course, they can’t be *good* citizens. I think most of them make some contribution to the area by building maybe a large home and paying taxes on it, at least, if nothing else. Several have been very’ generous to the community. But our favorable tax law, of course, have been responsible for this.

One of the biggest changes we’ve had in the valley hare in recent years has been the Freeport law that made it possible for all these warehouses to be constructed in the area. It’s a clean industry, there’s no smoke or smog involved in it because it’s just handling goods. I think it’s one of the best things that ever happened for employment, steady employment, and responsible firms. I think there are around three hundred firms using the Freeport facilities in western Nevada now.

[Was I involved in getting the Freeport law in?] No, I wasn’t involved directly in it; indirectly yes, by meeting, some conversation and discussion as to whether it would be a worthwhile effort; yes in the respect, yes, with the Chamber of Commerce and other organizations—. But I wouldn’t say I was directly involved in it, no. But it is a great thing. And while we were in the bank, of

course, we financed a number of warehouses for our local people to build and rent and lease, so we were involved, as far as the bank's concerned very directly; and indirectly, yes. Lots of times, you're not directly out in front, but you're back pushing pretty hard.

So it came out very well. In fact, they tell me it will be around two million square feet of warehousing built this year, in this valley. One warehouse alone, I think, is around 400,000 square feet. And Kresge, you know the size of their place out here. It's a good clean business. Baker and Taylor down here, the book people, started out, I think with 125 people; I think there're around 300 people out there now because it's been proven so satisfactory in this location. In fact, their sales, I think, run about fifteen million dollars a year in books out of tins one warehouse. And then Kresge, of course, with K-Mart, they're a distribution center. Bigelow Carpet, I guess, was one of the first ones that came here. They carry about a five million-dollar carpet inventory all of the time out here. Burroughs Corporation warehouses a computer up here, and they can save a tremendous amount of money in taxes on an item of that size in transit. The fact is, a lot of the equipment going to California would be warehoused here and then sent into California to be sold later, you see. Taxing time, it would be up here. So, it's worthwhile, as far as these companies are concerned; certainly it's proven to be because there wouldn't be two or three hundred of them up here.

A Look at Future Problems in Banking and Finance

You talk about the growth of the community, and we're trying to figure out now what is a healthy growth, or an organized growth, rather than just growth that's for growth's sake. The water problems are going to be more acute as we go along, sewage problems are going to be more acute, smog problems are going to develop if we're not careful with the type of industry that comes in here. This is one reason for the warehousing rather than manufacturing of any kind that would create any smoke, or things of this kind. But we have got a lot of thinking to do about just how many people can this valley support water-wise and smog-wise.

We're not unique. It's a general trend all over the West, as you know. Even the Lake Tahoe Basin affects us down here because of the sewage disposal and use of water. It's going to affect this whole valley; whatever happens at Lake Tahoe is going to happen here. There's only one outlet to that lake, it's the Truckee River, and it goes right down through Reno. And of course, the Pyramid Indians' problem out at Pyramid Lake, wanting more water as their share for Pyramid Lake. We're at a point where we really have to do some serious studying for the future.

Take Sun Valley, Panther Valley, and Stead Air Force Base (or Stead I should say, not Air Force), all those little communities springing up out there without a great deal of regulation when they first started. Now, they're trying to set in some standards. We're talking about the development between Reno and Pyramid Lake. Well, it just goes on and on and we've got to determine someday just how much water is there available.

When I came to Reno, we had about 10,000 people in the community. And streetcars were the mode of transportation, largely. And now you look at it, I suppose in this valley presently there's around 170,000. This is a wild guess, because there is no way to substantiate it, but it's pretty close to that now, I'm sure. We're talking about this valley

now, which would include Panther and Sun Valley, Sparks, in this area; but there has to be close to 170,000 people, I'm sure, in this area.

I told you about the banking system in 1931, 32, there was about twenty-eight million in deposits in the state's banks, and now we're a billion and a half. Yes, a billion and a half deposited in the state, which shows your growth even in the past forty years. Of course, a lot of that is inflation, but it still shows the growth of the state now. Of course, half of that is in Las Vegas, Clark County, the other half is up north, but it shows the tremendous growth of the state. I think we've talked about 100,000 people back in 1930; now we're talking about 550,000, or thereabouts. Which is five times growth in the forty years. I know it doesn't sound like an awful lot of people when you look at Los Angeles and other places like that, but we're confined pretty much to just two or three areas for growth, you see. And that is where you have accessibility to railroad and mountains and climate and everything else. Elko, of course, out in Elko County, Humboldt County, Pershing County, there's room out there for growth in these communities. But it's like every other state; there are two or three choice places where people want to stay and that would be Reno and Las Vegas. So there's still room for growth around the state. It probably will grow, too,. more and more. When people want to come out of California and other places to make a residence in Nevada, they're not going to come back into another crowded area; many of them are looking at the valleys like Carson Valley, Minden, Genoa, just for good living. Away from the traffic, noise, and everything else that goes with it.

3

Service to Washoe Medical Center

I never got involved directly in politics of any kind, until I ran for trustee of the Washoe Medical Center down here. It's been an enjoyable experience, but I'm still not a politician in the sense that I would run for any office, I'll tell you that.

I got involved in Washoe Medical Center because there was no one on the board that had any financial background; I mean had never been involved—mostly practically all doctors, as you know, plus the county commissioners. There are three county commissioners that are automatically on the board. They choose which three will be on that. And then we have five elected at large. At the present time, those elected at large are Dr. Mack, Dr. Becker, Dr. Peters, Dr. Raymond, and myself. I swore I'd never run for an office, but I was encouraged to go on the board because there was no one with a financial background at that time on the board and they felt that there should be someone with a little background in this area serving on that board.

So it's been experiences. It's a big headache, really, right at the moment on account of the building progress and building program. And this has actually been going on ever since I've been on the board. And it's created quite a few problems, in the way of delays on the building, and well, weather and strikes and stupidity and a lot of other things have delayed this building. Now we're about six or seven months, at least, behind. And they're still remodeling the old section. It's quite a project. It's going to be around twenty-two or twenty-three million dollars when they get through with it. And all they had to start out with was a fourteen million-dollar bond issue. And they've had to borrow three million on emergency loans. Then they're going to have to borrow more money on emergency loan basis.

You see, the hospital is self-supporting. The county, up to this point, at least, or in recent years, has not contributed anything to the operation of the hospital excepting to pay for the indigent patients that go in there. And this is an obligation of the county, to take care of the indigents. And so they do pay for their care in the hospital. Outside of

that, why, the hospital has been able to retire its own bonds and provide many services; for instance, the cooperation with the medical school at the University. And then there's training programs for the registered nurses, at Orvis School of Nursing at the University. And these programs are expensive, they cost money.

Whether we can continue to support these things for free, I doubt. Because we're going to have—you see the, we're under Phase Four freeze, you can't raise the rates on anything and the cost of food has gone up substantially, cost of all supplies has gone up substantially, wages have increased substantially. And the hospital at the present time has got a problem in meeting their financial needs. How it can be worked out, we don't know. We're studying that now, we have auditors in there trying to project the cash flow for the coming ten months, between now and next July, or June 30th. So it's not an easy thing to handle. And, of course, the doctors all want the best, and the hospital wants the best for the patients. But it's an expensive operation and it's going to take a little time to get the thing in full operation. Because we've got another, at least, six or seven months with remodeling and so everything can't be put into one new operation until that's completed.

But to have the most modern facilities in x-ray equipment, pathology, service in the rooms, intensive care unit—all these things, are, I think, as fine as you can find anywhere. But they have cost a lot of money. The linear accelerator. The Women's League, of course, provided the money to put that in, but it's another thing that's needed in the care of people.

But our big concern, really, since I've been there has been more on the nature of trying to get a direction on the financing of this construction. See, the contract was let before I was ever on the board. If I'd had a chance at that time to analyze and project or something of this kind, why, I don't know that they would have changed direction any because the facilities are needed. But maybe it would have paid a little bit closer concern with, how do you pay for all these things? That's one thing about an old conservative banker, you know; they always like to see where the money is coming through before you get in over your head. It'll work out all right, but it's going to take some time; maybe the county will have to help em for a while. Which they haven't done for, I don't know, twenty years. They used to pay all the expenses out of the county, but now the hospital is self-supporting, as I say. But they may have to get some help for a couple of years, until this thing gets up to the proper occupancy rate, for example. or until you get the full operation going.

Delays have been very upsetting in the construction. There've been change orders and they've been delayed in being presented. And the contractor is made, and the architect is made, and it's going to take quite a bit of work to bring it out. But it's been a great experience; You're dealing with some very fine people —you're very proud of the hospital as it is. As I say, it wasn't *my* plan because that was planned and under construction when I went on the board. But it is disturbing a little bit on the financial end of it. It's going to take some ingenuity, really, to pull this thing into proper perspective unless the county's going to come in and help substantially. See, that's a $15 million operation every year down there. It's a little over twice as big as St. Mary's operation, even now. And if all the facilities get used down there, why, it would probably run close to $20 million at the peak on that hospital down there.

But there's a case where you anticipate the growth of the community. And you can't build

just for today, you've got to set up something for tomorrow. And they have one full floor down there that has not been finished, which will be used for expansion as needed. Maybe two years from now, maybe three, I don't know, maybe next year, depending on what happens to this community. Because you see they not only service Washoe County, but really all the emergency cases happening as far east as Winnemucca come in here. Winnemucca, Lovelock, Fallon, Yerington, all these communities that have little community hospitals, but any special cases really have to be brought in to Washoe Med. I'm talking now about those emergency cases. St. Mary's is taking some of the emergency cases now, but generally speaking, all of the charity cases and all the highway accidents come into the Washoe Medical Center. Around 3,000 people a month go through that emergency room. These are people that either don't have a doctor or call a doctor, and the doctor says, "Well, go down to the emergency room." They have a cut on their head or a broken arm or broken finger or burn or anything else like that, they go down there. But there are about a hundred a day go through that room, which is a very expensive part of the operation.

But they have to take care of people. Anybody can walk into that hospital, you have to take care of them. Whether they pay or not, that's secondary. They're entitled to care. And those indigents, of course, the county is supposed to reimburse the hospital for their care. It's rather substantial, too. I mean, I think that Washoe County is probably—I don't have the figures in my head, but I would guess that the indigent care down there costs the county around half a million dollars a year. And then we serve other counties and they don't like to pay very good [laughs]. That's the damndest thing I ever saw. There's some person from Carson come over here, in emergency room there, and run up a bill, $12,000, or $15,000. You have to take care of em. Yet we try to get the county to reimburse us and we have an argument.

But it's bean an interesting experience. I've enjoyed being down there. I have to admit I don't know anything more about medicine than perhaps you do or somebody else, but you have to rely upon the doctors in that area, And then it's a matter of, well, can we afford to do this, buy this sophisticated equipment today, or is there some type of equipment we can make do until we can afford it? And this is an awful hard argument, because the doctors say, "Well, we've gotta have the best." Whether you can afford it or not is secondary, but you do in some cases where it's sophisticated all right but really not needed. For instance, if there was only three cases a year and you need a $25,000 machine, you're probably not going to do it. But the doctors want the best and the hospital wants the best. It's just a question how far can your money go. But it's a beautiful hospital.

[Do the trustees get in hot arguments over these kinds of things? After all, the doctors dominate this board.] Well, this is right. This is one of the reasons that perhaps I'm there. But I think that the doctors, generally, are pretty reasonable about it, once you explain the facts. But, as I say, you see, the medical staff is the one that really determines your direction in the hospital. They are the ones that—well, you have several departments, of course. You've got radiology, pathology and surgery and on and on, pediatrics and gynecology and various departments. They are the experts and they have their various deals. They're approved by the executive committee of the staff and then it comes to the board to approve any doctors that practice down there. And then the radiology department will come in and say, "We need this particular piece of

machinery and uh—,"and you say, "What is the usage for it, what is the demand?" And if the demand is there, why, then it's generally rented or purchased—most of it's purchased. But there is a machine, for example, right now that would cost $100,000 to put in there. It's a sophisticated piece of equipment. They analyze blood like this [snaps fingers]. There's no way to do it, we would have to use the old method and it would take a little longer. There are a lot of new ideas coming into medicine, but they're darned expensive and you just have to make some of the old methods do. The only thing about them is they are a little slower, but you get the same result. The doctors like to be able to push a button, like you should nowadays, and get the answer right now. But you can't do it all.

4

Some Notes on My Family

Next year will be our fiftieth wedding anniversary. [Mrs. Gorman adds]: "We were married December 22, 1924. … [My] mother, Irene E. Wiley Hinds was born in Nevada, June 3, 1868, and died in Berkeley, California, on June 7, 1909. Her parents were early settlers in Nevada, crossing the plains from Missouri, homesteaded ranch property nine miles from Wellington, called Sulphur Springs in Lyon County, Nevada. They came from Clinton County, Missouri. … Mother's father, Robert Dunlap Wiley, was of Irish and Scotch descent, born January, 1832, in Clinton County, Missouri, met and married Margaret Elizabeth White in Clinton County, Missouri, 1854. They had six children, Irene Ella Wiley being my mother. [She] married Albert J. Hinds in the year of 1895 at Sulphur Springs, Nevada. Albert J. Hinds was born in Dayton, Nevada, October, 1868. They had two children, Marguerite Irene Hinds and Clifford A. Hinds. Marguerite was born April 21, 1899, at Sulphur springs, Lyon County, Nevada. Clifford A. Hinds was born in Carson City, Nevada, May 30, 1900, died in Reno, January, 1963. Marguerite I. Hinds was married to Harold Sumner Gorman…"

She lived with her aunt in Berkeley, and then came to Reno and worked for the Internal Revenue department for a while. That's where I met her. And at that time I was just starting the banking career, at sixty-five dollars a month. So we didn't think about marriage for a while.

Then we have the two sons, Richard and Robert. Richard is a graduate of the University up here in electrical engineering. And then [he] went with General Electric for about twelve years and then later, went with Westinghouse Air Brake Company, that acquired the LeTourneau heavy machinery business. And he operated their west coast distributorship for three or four years. And then the company decided to get out of the business and made it possible for him to buy the franchise for all of California. Then about three years ago he sold the southern California portion of the business and now operates his distributorship in Hayward, California. [Mrs. Gorman adds]: "Richard H. Gorman married

Marilyn Whitehair on August 30, 1951 in Bronxville, New York. She is also a graduate from the University of Nevada. They have two children, Russel Bryan Gorman, born August 7, 1952, in Schenectady, New York, [and] Shirley Ann Gorman, born October 27, 1954, in West Hartford, Connecticut. Russel graduated from Whitman College, Walla Walla, Washington, on June 7, 1975; Shirley Ann Gorman will graduate from UCLA in the spring of 1976."

[Richard's] son is something like he was. Richard was not doing very well in school, he didn't have a goal, he was taking civil engineering and then he decided maybe he better stay out a year. So he worked for Isbell Construction Company out at Pioche for a year and then came back and changed his course to electrical engineering, and graduated here and, as I say, went on to General Electric. The grandson was the same way in college. There didn't seem to be a goal so [he] decided—he talked to me about it and I thought, well, it might be a good idea to do as he did, stay out a year. So the grandson came to work for the bank here for the last year, and made an outstanding record, really, as a youngster learning the banking—he's got a lot of personality. Now he [went back] to school again taking economics instead of social sciences. And so he changed his direction entirely. And the daughter is doing very well; she's a good student, and, as I say, at UCLA.

The other boy, Bob, after high school enlisted in the Navy. Because at that time the draft was on for World War II and he didn't want to go into the Army so it looked like he—I think it was seven or eight boys all decided to enlist in the Navy. After he'd been in the Navy about six months, he thought it might be a good career and I assisted him in getting an appointment to the Naval Academy from Pat McCarran. Upon graduation from the Naval Academy, he went in the Air Force and he was in the Air Force for about twelve years. After graduation, he married a sister [Genevieve Whitehair] of my oldest son's wife. So the boys married sisters. And he has two daughters. And they were divorced about three years ago, unfortunately; it's one of those things. [Mrs. Gorman adds]: "... Two girls, Kathy Gorman, September 3, 1953, [born in] Bryan, Texas; Wendy Gorman, born December 12, 1956, in De Land, Florida. Kathy [is] a graduate from Willamette University, Salem, Oregon, in May, 1975. [She] was married August 24, 1975, in Ahterton, California, to Ronald Morris, also a graduate of the same class at Salem, Oregon. Both are now attending graduate school at Columbia University, New York. Wendy graduated from Belmont High School in June, 1975, [and] is undecided where she will go to college."

Now the younger boy, Bob, is with General Electric Company in Burlingame or San Mateo; they live in Burlingame, I thin]c the office is in San Mateo. He's a good skier; that's his hobby. The older boy's a golfer. They both play tennis. So they're pretty athletically-minded. My older boy played at the University basketball team here and also on track. So they are pretty active youngsters. The older boy belonged to Lambda Chi Alpha at the University here.

Now as to my family, of course, I've already told you about my father and mother. I don't know that there's much more to say about this family deal, excepting we're very proud of our two boys; they turned out very fine men. At least, we all stayed out of jail [in] our lifetime! Oh, they had the usual mischievous things but nothing vicious or nothing bad. Parents, of course, like their kids to be perfect and that's not possible, as you know. We all expect them to be perfect.

[Mrs. Gorman adds]: "My father's side of the family: John Cathron Hinds was born

May 30, 1820, in Meadville, Mercer County, Pennsylvania, died February 18, 1894 at his home, Hinds Hot Springs, Smith Valley, Nevada. [He] married Mary Alice Reese from Pennsylvania (born October 17, 1835, died April 16, 1906 at age seventy-one at Hinds Hot Springs, Nevada). They had four children. My father was one of them ... Marguerite Hinds Gorman attended school in Berkeley, California. A very active family kept her busy with a few activities of her own—a member of Trinity Episcopal Church, a charter member of Junior Service Society of the church, charter member of Washoe Medical Center Women's League, past president of Cross and Crescent Club of Lambda Chi fraternity, patroness of Gamma Phi Beta sorority. At present leading a quiet life and enjoying many of my husband's activities.

5

Civic Affairs of Western Nevada

I suppose that my church. activities started when the girl I happened to be going with would like to go to church, or one of these Epworth League deals, or something of this type. And I suppose my church experience at this time was—not a member of any particular church but I would go, I went to the Methodist church for awhile, because I liked the girl I was going with, and then later the Baptist church., where we were married by Brewster Adams. Then later, we joined the Episcopal church.. That's where I became somewhat active, on the finance committee, and I was junior warden, senior warden. I'm still not real active in the church and I'm somewhat of an irregular attender. My wife and I both belong to the church. We didn't have any insistence in our family about church activities.

With father's influence in Masonry, when the Demolay chapter was organized I was the first Master Councilor. And I was only in the organization about three months, because then I was twenty-one and I was not an active member any more. But I have the Legion of Honor in the Demolay. And then my Masonic activities started. When I was twenty-one, I joined the Masons and I've devoted my time in the York Rite, with the Knights Templar, where I've been commander of my commandery and past grand commander of the state of Nevada. Then I've been a department commander for the Grand Encampment. Now I am one of the trustees of the Knights Templar Eye Foundation. I belong to the Red Cross of Constantine, and the Jesters, and the Shrine. So I have been somewhat active in Masonry. I'm presently a trustee of the Reno lodge Number Thirteen. And as a trustee, we have the building downtown to operate, as well as the cemetery. So I've devoted quite a bit of time to the Masonic activities. One of the things that I enjoy now, I'm chairman of the educational foundation for the Knights Templar in Nevada and make loans to University students here, as well as we award five or six scholarships to senior students each year, $500 each. So I do keep in touch somewhat with young people.

And most of these young men at the University that I've been in contact with (and young ladies) are pretty serious-minded

students. And it's unfortunate that those who are so active and noisy get so much publicity, when maybe ninety-five percent of the kids up there are pretty serious about school yet. But I've been very happy to deal with these young people and they assume the responsibility very well. In fact, of all the loans I've made in the last seven or eight years, I don't have a delinquent. These young people are pretty serious. Some have gone to law school and some others have gone to dental school, and some of them have gone to medical school and are practicing now and doing very well. It's a nice program to help serious-minded students.

I was also involved in the first Explorer post for the Boy Scouts. And we established that in the bank when I was still active in the bank. This was another fine program for young people who are somewhat serious about learning about American business, whether it's banking or power company, telephone company; all these organizations have what they call an Explorer post. And it's amazing how sharp these young people are, they're serious.

And they have the Junior Achievement program that I was involved in early; I haven't been involved in that for several years. But this is another effort for serious young people to become involved in learning about our free enterprise system, the risks involved in being in business. They learn pretty much how to run a business. In fact, they organize a company, sell stock, make a product, and at the end of the year, they have to liquidate. So they sell all of the material they have left and pay a dividend sometimes—sometimes they don't. But they've learned something, they've learned a lesson about how the business enterprise is operating.

I'm also involved at the University on some kind of advisory committee on the College of Education. And we've been trying, through the Nevada Council on Economic Education, of which I'm a trustee, to get the University to require all teachers to take some basic economics so that when they go into the schools, they'd be capable of teaching economics at the grade school and high school level. Unfortunately, I think this is one part of our educational system that's quite lacking. I think too many of our young people have learned all about socialism, communism, all the other things, the isms, and they've been neglected as far as our own system, capitalistic system, if you want to call it that way, free enterprise. So the Nevada Council on Education, I've been involved in that now for about three years. We're making some steps towards getting a requirement at the University level for teachers to have some basic economic courses. In fact, I recommend anybody, whether it's doctors, attorneys, any kind of professional people to have some basic economics. Doctors are probably one of the poorest business people you can find. I mean they make good money and so frequently, they get involved in get-rich-quick schemes and other things that they don't belong in. And even attorneys have that problem sometimes, not quite as much, but medical people really—some of them do very well but some of them have no knowledge of basic economics. So this is one of the activities that I'm involved in.

Then, of course, the Washoe Landmark Preservation, Inc. was organized for the purpose of trying to save and preserve some of the landmarks in the area. I'm treasurer of this. Of course, the first movement was to get the Lake mansion moved out to the Coliseum area and restore it. There are two or three other pretty famous buildings around that we would like to move onto the site, including the Glendale school which is one of the oldest

schools in the area. But it's a matter of money and time and effort by a lot of people and, do one thing at a time. But in the future that will be a historic site out there, I hope.

I think when you're in the type of business I've been in all my life, you have to be involved in community activities. It means like Chamber of Commerce, for example, I've been associated with the Chamber for twenty-five or thirty years, and the Rotary Club. In both of these organizations I was able to serve as president. I've belonged to Rotary for about thirty-five years, roughly. I think when a person retires, it's important to keep involved with some of the activities that happen in the community. The United Fund, I've been on that thing for, I don't know how many years; I've been a campaign chairman, been on the board for a number of years. Since I'm retired, I'm not active on the United Fund. I do help them each year, though, on their annual drives. There's just one other thing that you tried to be involved in.

I belong to the Prospectors Club here, the men's luncheon club; I served as president of that several years ago. Something I think maybe I belong to too many things to settle down, you know. But I'm fortunate I have the office in the building here and it keeps me out of the house, you know. Stick around the house and be a "Honey do:" "Honey, do this," and "Honey, do that." I want to keep active in the community affairs as long as I'm in good health and can contribute something to the organization.

We're now in the process of a new organization to try and establish a world trade center in Reno, which means a rather expensive building to be constructed at some site to be chosen later. We're in the process now and it seems like a good idea for this part of the state. This would take care of importers and exporters and trying to have a complete facility—banking, and all the other things that go with importing and exporting. It's not off the ground yet but it's at least one of those things that's taking us more time; another meeting on that tomorrow.

And I've been involved in the Reno-vation program, which is now known as Reno, Unlimited. We had a survey of the Reno downtown area made three or four years ago. And as a result, there have been some national firms- come in and build, construct new motels in the area. We've tried to get a "green belt" along the river and there's some activity now taking place in that direction.

The river beautification, for example, and the development of the downtown area in a somewhat orderly manner. And it also involved traffic, freeway, and depression or elevation of the tracks through the town. These are all long-range goals, but somebody has to follow through on them, otherwise they get hidden in a heap someplace and you've wasted your money for surveys and efforts. This is one of the weaknesses I guess we have, even in Chamber of Commerce activities. There' re new officers every year and sometimes you lose the continuity. But there has to be some organization that will follow through when you spend a lot of money for a survey. And I think Reno, Unlimited is the only one that's really taking a definite and positive attitude towards the survey that was made. It's an awful lot of work to try and change the direction of the community. And this beautification of the river is just almost a great big headache.

See, the town when it first was organized, everybody built right up next to the river. In fact, the river channel was narrowed because more buildings were constructed, the river was filled, and barricades were set alongside of the river. So we've lost a lot of the attractiveness of the river through the town.

These are things that you have to be involved in and try to make some sense of direction out of em.

These things all take time and it's awfully hard sometimes to see the immediate results of the effort that you put into these programs. But we have to do it. If somebody doesn't look at the community and try to get an orderly development why, we could grow like Topsy, which we've almost done now. And much of the green area or the river is badly disappearing. More buildings being built right next to the river as we go along, and you don't have any green belt. Now the next step will probably be to put a dam in the river so that the river going through downtown would always have water in it, and be more attractive probably.

[How is this town to raise money for charitable purposes?] I don't think Reno is any different than any other place. The United Fund, or United Way raised over $500,000, as you know, last year. There are probably another three or four hundred thousand dollars worth of drives every year. In other words, the Boy Scouts, YMCA, YWCA, and oh, so many other organizations have a supplemental drive because they don't get enough out of the United Way, even the $500,000, because there're always new agencies and new charitable efforts on the way, you know. So there's about, I'd say about eight or nine hundred thousand a year that's raised in the community for various charitable, welfare, and educational programs. At least that much.

[Do I think this is adequate? Is this up to people's ability?] Oh, I don't think you'll ever get that far. I mean even in your church. When you try to support a church, and there's never—no. No one ever reaches what they *could* do. It's a matter of being interested in things enough to, you know, contribute more heavily. No, I would say that the potential here is substantially higher than what we're raising. But it's a lot of work. And you don't like to tell people what they should give; this is not in keeping with the idea of charity. No, Reno could raise, oh, a million and a half a year for the various organizations. If everyone gave in proportion to what they make. And yet you can't criticize people. You just have to go along with what you can work out.

There are a tremendous number of demands on the community, particularly the business community. I mean, the bank, we have a stack of cards four, five inches high of organizations that approach us every year for donations of various kinds. Then the University needs help. I suppose the bank could give more; as I say, I don't think there's any question but there could be more paid. But you have to measure somewhat in relation to earnings and policies and practices in the past. Sometimes the larger contributors make it too easy for all the others to sit back and say, "Well, let the big ones do it." Like the Fleischmann Foundation, for example, who has put millions of dollars into our state and the University, as you know well, along with churches and other organizations. And at one time, the Fleischmann Foundation was a rather substantial contributor to the United Way. It just made it a little easier for the rest of us to ride on their coattails. And so they ceased to support the United Way to any great extent because they feel that the community should do this. And rightfully so.

Of course, I've been on the board of the Navy League here for quite a few years. And I'm chairman of the Mayor's Advisory Committee on Solicitations.

I'm still on the committees with the Rotary Club. Hidden Valley, I've never taken a great deal of part in the thing. I just belong to that thing to help em out when they started in that—still belong.

I've been involved in a lot of other things that I'm no longer involved with. So, you know, you take one off and drop another. But this is my main interest right now, the ones that I named there. Because I am involved in all of em up to some degree, either on membership committees or something involved, not very heavy, I don't want to be in the heavy part of it, but to help. I wouldn't want to be chairman of the United Way again, for example. I've been there once and I don't ever want to get involved that heavy. I'll help them, but to try and take on a drive as a major project, I've had it. You do those things once, that's enough.

I think sometimes we try to get involved in too many things. So, as I say, I'm limiting the activity, the involvement, the heavy involvement to just three or four activities now. Because while I do belong to other organizations, I'm not active in them. For instance, Hidden Valley Country Club, I won't get involved in that because the people are more well, should I say, golfers primarily, anyway. And I've never been able to get up to a golf game, although I have belonged for a long time. The Prospectors Club, I have served as president and now I'm somewhat inactive there. The Rotary Club, I'm still involved on a couple of committees there, and I will want to continue to do that. And then, of course, the Boy Scouts now; I'm devoting a little more time to them, although next year I think I'm beyond the age limit on the advisory board. I'll probably be on another board, as a board member, I should say; I can go on their advisory board which I probably will, to help them.

I'm still the chairman of the Mayor's Advisory Committee on solicitations. And I hope that somebody else will be the chairman on that one next year.

In my Masonic work, I'm still trustee of the lodge and I expect to continue that. Trustees are responsible for the building downtown and operation of the cemetery. And on my Knights Templar educational foundation, I'll continue on that. We make scholarships for senior students at the University and grant loans to juniors and seniors. And then I'm trustee of the Knights Templar eye foundation. It's the national organization that provides care for people who have to have eye operations. It includes children and those that aren't under Medicare; even those under Medicare, they'll pay the deductibles for them. This is to take care of those who can't afford this service. It's a very fine charity and I'm delighted to be on it.

Well, I've covered now pretty well as to what I'd like to do or what I'm involved in. See, I've served about every doggone thing that's ever bean in the community as far as fund raising. [What did I like the best?] Oh, I don't like any of them the best, if you want my personal opinion when it comes to fund raising. Because it's a drag and unfortunately gets to the point where you more or less go back to the same people and they say, "Well, jiminy christmas, what are you doing now?" I don't do it any more, I think I've done my share of it. I've been chairman of the United Way several years ago on their campaign. I was chairman of the American Cancer Society fund raising deal one time. And I've helped on Reno, Unlimited, Boy Scouts— well, I mean you name it and I've helped sometime or another in the fund raising activity on them. And I ain't going to be chairman of no more fund drives. I've had it [laughs]!

Somebody has to do it. There's no question about it. But I think after a while why they need some new blood and, let somebody else get involved. I think you reach the point where it does become a burdensome problem. Now, as a chairman of the campaign for the United Way it's a tremendous amount of work and, as chairman, you don't involve yourself in soliciting directly from the community.

Although I think at that time and probably for several years, I did have the gaming industry as my area of solicitation. And essentially after a while, why, they wonder what's next. I've helped the Junior Achievement in raising funds. It's a great organization. I think these things are very important to the community. The Washoe Landmark [Society], trying to restore the Lake mansion; I'm treasurer of that organization, but I'm not directly involved in raising funds again. I said, "I'll be the treasurer but not fund raiser." The Nevada Council on Economic Education; I'm the treasurer on that and one of the trustees. And I have helped them in raising some money at the start of the organization. And I think this is one of the more important educational functions we have going right now. I'm just trying to think of anything else that I didn't do or should do.

Well, my plans on retiring were to devote more time to the civic things that I m involved in. My idea was in retirement, I didn't want to retire and call it a day and sit home in the rocking chair, that wasn't any—I never had that in mind or even to move to some other community, retirement community. This never entered my mind; I didn't even think about it. Because I knew that when I retired, I would be able to devote a little more time to those things that I. enjoyed doing, like Boy Scouts, Chamber of Commerce, and other things of this type.

I have been able to devote a little more time. And for the five years, I have not felt that I have been retired at all, frankly. I must say, I'm taking it a little easier; I'm not under the pressure that you are when you're trying to run an organization as big as the bank. But nevertheless, I'm now finding that I'm not taking on any new projects. If I can devote a little more time to the ones I'm involved with, I'll be satisfied, because I don't want to take any more. Everybody says, "Well your re retired. Take this job, take that job," and I don't want to do it. I've got about ten or twelve things that I'm in now and I think that's enough. Some days I don't know which day it is that I was supposed to be where [laughs]!

I think it's important for anyone who's lived in a community as long as I have certainly to—well, you can't help be involved in a community. I mean you wouldn't want to just walk- home and say, "Good-bye." And too many people I've seen have gone to retirement communities and others have been very unhappy. You can play so much golf, you can do so much fishing, do so much traveling. But I don't think that's satisfying, really. I think it's better to be involved in your community and try and do the best you can for the things you're in.

I think many people who do retire perhaps don't think about it enough until the day comes when you retire, and find themselves doing nothing. And living on a check that comes in every month for retirement, social security, whatever it happens to be, and I just feel sorry for them, really. Because I think you have to think ahead as to what you should do to be happy in your retirement. And as I say, my thought was always that I just continue on what I was in the bank, involved in the community enterprises, Nevada Council on Economic Education, for example. I'm treasurer of all these things, or many of them. (None of em ever have enough money.) Then, of course, I'm a trustee of the Reno [Masonic] lodge, you know, that runs the building downtown, and I'm involved over there practically two or three times a week. And the cemetery, where we have to continually provide the facilities out there for that function. And, of course, the Boy Scouts; I've been on that board, for, I don't know how many years. I always have some names and some part to do on that thing. The Chamber

of Commerce, I'm on one committee with that; I'm not quite as active in the chamber as I used to be. I'd rather see some younger people get into some of these things. I'm going to have to pull out of some of em, because I think that we should get the younger blood in a lot of these areas. One of the things I'm doing that's very satisfactory is the trustee of the hospital down here, as you know, the Washoe Medical Center.

We could talk about awards. I was given the Silver Beaver award of the Boy Scouts, which is a very nice honor to have. And, of course, the usual certificates and things of this type that you have.

I think it's a matter again of involvement in a community. If you like it, of course, then I guess, being pretty well known in a community, always somebody's figuring that you can do a job for them. And in those areas where—I've been glad to help. But I'm phasing out a little bit on some of this actual fund raising. I don't mind being in advisory capacity or something of this kind, but to actually get out and do the leg work on—I'm going to let somebody else do it. But I'm not going to retire, as such. Because I don't believe that I could do that. I couldn't retire from these things I'm involved in now. I may drop one or two as we go along that become less interesting or more demanding, because I don't want to be under pressure any more. I think this is my purpose, really, in being around, is to keep busy, and do what I can.

I don't think there's anything more I can add. Except I'm going to try and be a good citizen as ever and be involved in my community affairs to the best of my ability and desire.

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